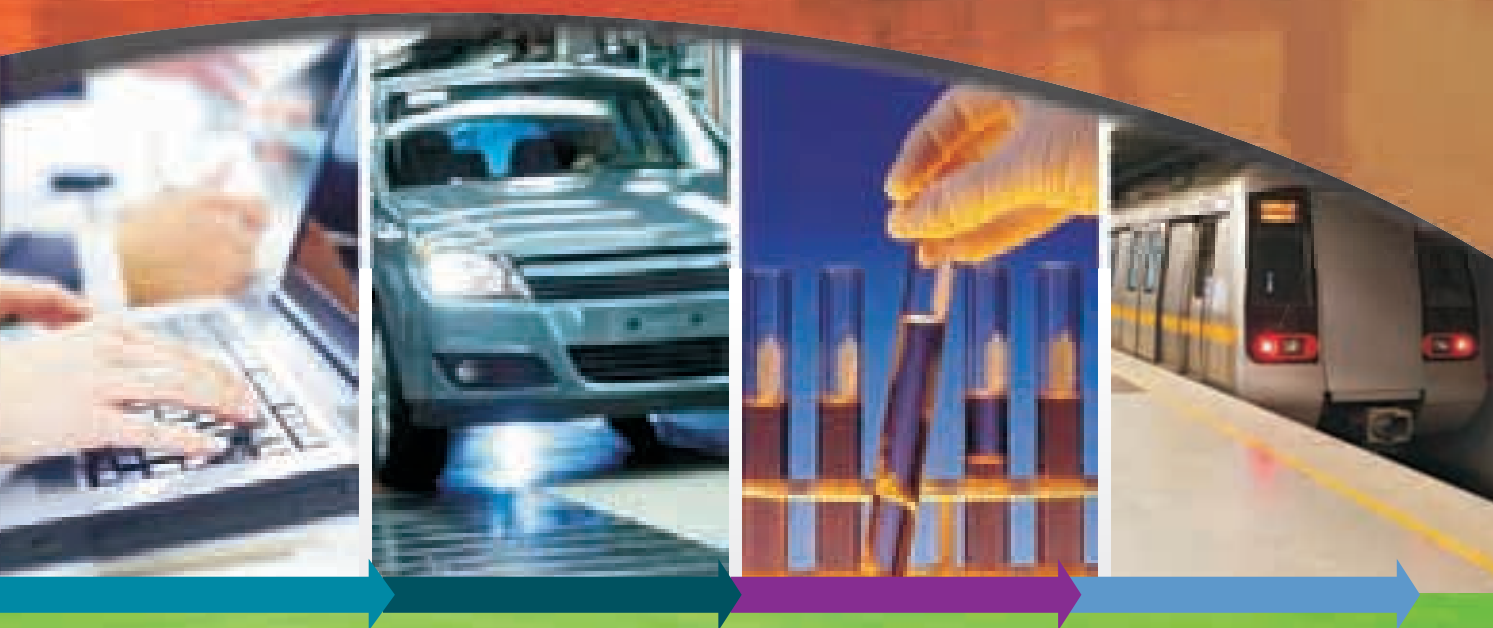


# INDIA IN BUSINESS

PREFERRED INVESTMENT DESTINATION



Investment and Technology Promotion Division  
Ministry of External Affairs  
Government of India

KPMG

# INDIA IN BUSINESS

PREFERRED INVESTMENT DESTINATION



सत्यमेव जयते

**Investment and Technology Promotion Division  
Ministry of External Affairs  
Government of India**

KNOWLEDGE PARTNER

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Ministry of External Affairs  
Government of India



**Shri Pinak Ranjan Chakravarty**  
Secretary (Economic Relations)  
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## Foreword

Nearly two decades of economic liberalization, coupled with robust domestic demand, a growing middle class, a young population and a high return on investment, make India a credible investment destination. In the new global dynamics, India has assumed the role of a lead player on the economic stage. India's economic growth in the last two decades has garnered immense investor interest.

'India in Business' published by the Investment and Technology Promotion (ITP) Division of the Ministry of External Affairs (MEA) is a comprehensive guide, providing information to business on various aspects of investing in India including the state of the Indian economy (along with recent policy announcements), business environment, profiles of 25 key sectors with sectoral trends, summary of the market conditions, key pull factors and a blueprint of investment opportunities. Chapters on the 'States of India' cover key statistics and highlights unique investment opportunities. Since the investment environment in any country is dependent on the regulatory policies and procedures existing, this publication also covers the legal, administrative and compliance aspects of Foreign Direct Investment (FDI). The Investment and Technology Promotion Division also maintains a website **indiaainbusiness.nic.in** which provides up to date information on all issues relating to doing business in India.

I would like to express my appreciation to ITP Division and KPMG in India for the efforts made on this publication which I feel will be immensely useful to its readers and assist the investors in making informed choices about the opportunities that exist in India.

**Pinak Ranjan Chakravarty**







सत्यमेव जयते

Ministry of External Affairs  
Government of India



**Shri Salman Khurshid**  
Hon'ble Minister of External Affairs  
Government of India

## Message

I am pleased to learn that the ITP Division of the MEA is bringing out a fresh edition of its publication 'India in Business', a publication that highlights India's potential through brief discussions on the Indian economy, economies of the States of India, sector-specific opportunities and tax and regulatory framework.

With a growth rate of around 8 percent, the decade of 2000 was the shining decade for India that caught the attention of global investors and global institutions alike and opened the gateways for opportunities in several sectors. Publishing this document at this juncture is of crucial importance as, while the world economy has been pushed in a slow lane post the global financial crisis, the Indian economy is also going through a phase of consolidation.

Today, with the structural shift in world economy towards the "Emerging Economies," India has not lost its sheen as its growth fundamentals remain strong. Going forward, the country is expected to move on a higher growth trajectory supported by its strong domestic demand, dynamic service sector, improving infrastructure, and a youthful population.

The economic reforms carried out by the government has emphasized on creating an investor friendly environment which includes opening up foreign direct investment in most sectors. India is committed to carry forward the economic reforms to ensure the fulfillment of developmental aspirations of its people.

Through our bilateral and multi-lateral trade and investment agreements we have been working to bring our economic engagement in complete alignment with the intent of increasing investment in the country. India has also emerged as a significant investor abroad which is a reflection of the growing maturity of its economy.

This document aims at sharing information about India's economic potential with the investors. I am sure that the readers will find it useful and informative.

**Salman Khurshid**



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# 1. India profile



## Geographic details

- **Location:** The Indian peninsula is separated from mainland Asia by the Himalayas in the north, the Bay of Bengal in the east, the Arabian Sea in the west and the Indian Ocean in the south.
- **Area:** 3.28 million square km<sup>1</sup>
- **Geographic coordinates:** Lying entirely in the northern hemisphere, the mainland extends between latitudes 8° 4' and 37° 6' north and longitudes 68° 7' and 97° 25' east and measures about 3,214 km from north to south between the extreme latitudes and about 2,933 km from east to west between the extreme longitudes. It has a land frontier of about 15,200 km. The total length of the coastline is approximately 7,516 km.<sup>2</sup>
- **Capital:** New Delhi



## Demographic details

- **Population (as per 2011 census):** 1,210 million<sup>3</sup> (approximately)
  - **Males:** 624 million
  - **Females:** 586 million
- **Literacy rate:** 74.0 percent<sup>4</sup>
- **Population Density:** 382 per sq. km<sup>4</sup>
- **Household:** 240 millions<sup>4</sup>
- **Real Gross Domestic Product (FY 13):** \$ 1,012.0 billion<sup>5</sup>
- **GDP growth rate (CAGR, FY 08-13):** 7.2 percent
- **Currency unit:** Indian Rupee (₹)



## Economic details

- **Sensex movement:** The value of the BSE Sensex Index more than tripled to 19,610 from 5,839 during FY 03-FY 13<sup>6</sup>.
- **Rank in global competitiveness index (FY 13):** 59/144<sup>7</sup>
- **Investment clearing body for foreign direct investment proposals under the approval route:** FIPB (for investment less than \$ 220.6 million) and Cabinet Committee on Economic Affairs (with investment in excess of \$ 220.6 million)<sup>8</sup>.

Some sectors have been identified where FDI is permitted under the automatic route (i.e. Without prior approval from the government or the RBI). These sectors include Agriculture and animal husbandry, Mining, Greenfield airports and many others. The list of these sectors and the permissible cap under automatic route is provided in the FDI policy<sup>9</sup>.

- **Economy:** Mixed
- **Gross National Income (FY 13):** \$ 1,002 billion<sup>5</sup>
- **Real per capita net national income (FY 13):** \$ 720<sup>5</sup>
- **Gross Fixed Capital Formation (FY 13, current prices):** \$ 545 billion<sup>5</sup>
- **Principal markets for trade:** The share of the top ten countries in India's trade basket was a little over 50 percent both in FY 13 and FY 12.<sup>10</sup>

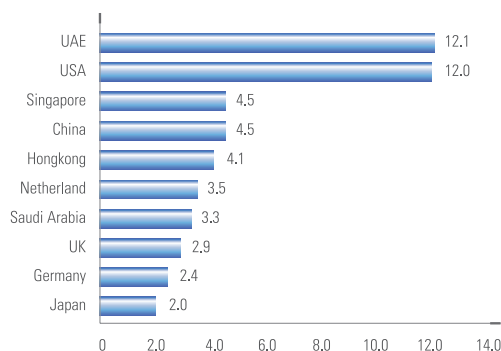
Countries with a high share in India's export basket include the UAE, USA, Singapore and China, while countries with a high share in the import basket include China, Saudi Arabia, UAE and Switzerland.

1. "Census 2011," Gol, [http://censusindia.gov.in/Census\\_Data\\_2001/India\\_at\\_glance/area.aspx](http://censusindia.gov.in/Census_Data_2001/India_at_glance/area.aspx)
2. "Profile" india.gov.in, National Portal of India, accessed on 25 April 2013
3. "India in Figures, A Ready Reference, 2011" Central Statistics Office, Gol
4. "India in Figures, A Ready Reference, 2011" Central Statistics Office, Gol
5. "Press Note on Provisional Estimates of Annual National Income, 2012-13 and Quarterly Estimates of Gross Domestic Product, 2012-13" Central Statistics Office, Gol, 31 May 2013
6. "Historical Indices" Bombay Stock Exchange, accessed on 04 June 2013

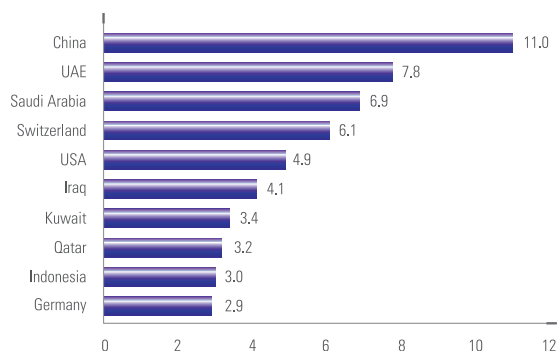
7. "The Global Competitiveness Report 2012-13" World Economic Forum
8. Foreign Investment Promotion Board, Gol, accessed on 25 April 2013
9. "Foreign Investments in India," RBI, 26 June 2013 (<http://www.rbi.org.in/scripts/FAQView.aspx?Id=26>); "Consolidated FDI Policy," Ministry of Commerce and Industry, 5 April 2013 ([http://dipp.nic.in/English/Policies/FDI\\_Circular\\_01\\_2013.pdf](http://dipp.nic.in/English/Policies/FDI_Circular_01_2013.pdf))
10. "Export Import Databank" Ministry of Commerce and Industry, Government of India, accessed on 15 July 2013

Note: \$ 1 = ₹ 54.4 for FY 13; The exchange rates used in this report have been sourced from RBI

## Share of top 10 countries in total exports (%)



## Share of top 10 countries in total imports (%)

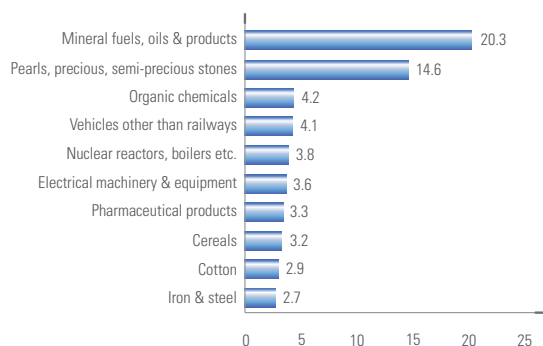


Source: "Export Import Databank," Ministry of Commerce and Industry, Gol, accessed on 15 July 2013

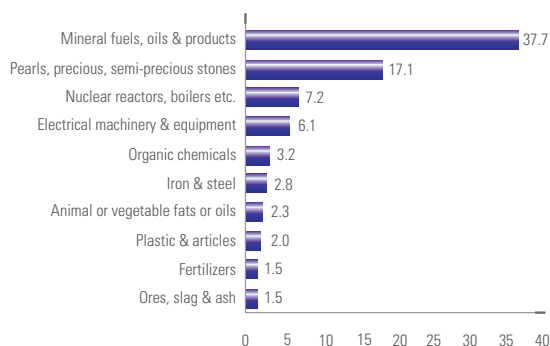
- **Principal commodities for trade:** The share of top 10 export commodities from India increased in FY13 to almost 62.7 percent from 59.4 percent in FY12. On the other hand, the share of top 10 import commodities remained more than 80 percent both in FY13 and FY12.<sup>11</sup>

Mineral fuel and oils and pearls, precious and semi-precious stones are important trade commodities with high share in both export and import.

## Share of top 10 commodities in total exports (%)



## Share of top 10 commodities in total imports (%)



Source: "Export Import Databank," Ministry of Commerce and Industry, Government of India, accessed on 15 July 2013

- **Political structure:** India has a federal structure comprising of 28 states and seven union territories. The states are: Andhra Pradesh, Assam, Arunachal Pradesh, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttarakhand, Uttar Pradesh and West Bengal. The union territories are: Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Daman and Diu, National Capital Territory of Delhi, Lakshadweep and Puducherry<sup>12</sup>.
- **Executive branch:** The President of India is the Head of State, while the Prime Minister is the Head of the Government and runs this office with the support of the Council of Ministers<sup>11</sup>.
- **Legislative branch:** The Union Legislature comprises the Lok Sabha (House of the People) and the Rajya Sabha (Council of States), together forming the Houses of Parliament.
- **Judiciary branch:** The Supreme Court of India is the apex body of the judicial system, followed by High Courts and subordinate courts.

11. "Export Import Databank" Ministry of Commerce and Industry, Government of India, accessed on 15 July 2013

12. "Profile" india.gov.in, National Portal of India, accessed on 25 April 2013

## 2. Overview of the Indian economy

### Among the world's leading growth economies

India is among the world's fastest growing economies (after China) having recorded a decadal growth rate of 7.8 percent during FY 03-FY 12. It embarked on this high growth trajectory during the 10<sup>th</sup> Five Year Plan with a growth rate of more than 8 percent in FY 04 and reached a peak of 9.6 percent in FY 07. The growth in the 11<sup>th</sup> Five Year Plan also made several headlines for being the highest five year plan growth ever in India.

This is despite a slowdown to 6.7 percent in FY 09, which was brought about as an aftermath of the global financial crisis in 2008. The economy recovered quickly due to the same facilitating factors that fuelled its growth during the shining decade of FY 03-FY 12. These factors include a growing services sector, strong domestic demand, higher investment, expanding infrastructure, and a reform-focused government among others. It has been due to these strong fundamentals that India

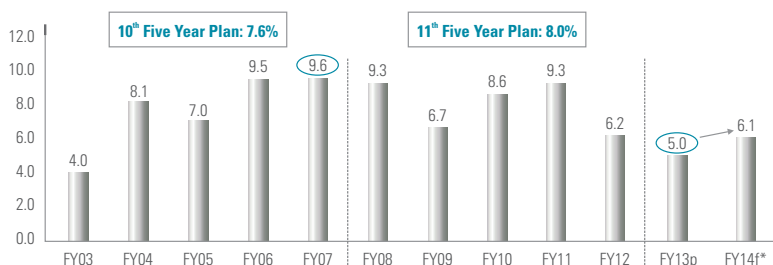
has gained greater world attention, especially from foreign investors. This can be gauged from the more than three-fold rise in the BSE Sensex, which closed at 19,610 in FY 13 compared to 5,839 in FY 03<sup>1</sup>.

At present, while the Indian economy is slowing due to both domestic and global factors, the Gol and the

RBI have taken several measures to revive growth and instill positive sentiments among investors, business and the multilateral institutions. Consequently, economic growth in FY 14 is projected to recover. This underlines the fact that India's slowdown has probably bottomed out, and it has strong growth prospects in future.

### High economic growth

GDP growth rate (%)



Source: Various Press Notes on National Income Accounts, Central Statistics Office, Gol; 'Economic Survey 2012-13,' Gol; KPMG in India Analysis

Note: p denotes provisional estimates

\*The growth rate has been projected between 6.1-6.7 percent

**Diverse factors have contributed to India's high economic growth such as growth of the services sector, dependence on domestic consumption, higher investment, growing infrastructure, and a reform focused government, among others.**

1. 'Historical Indices' BSE, <http://www.bseindia.com/indices/IndexArchiveData.aspx>, accessed on 04 June 2013

Increased contribution of service sector

In the past decade, the GDP of India witnessed a shift in its composition in favour of services. The contribution of services increased from 52.5 percent in FY 04 to a staggering 59.6 percent in FY 13. The shift has been mainly the result of a strong and robust services sector.

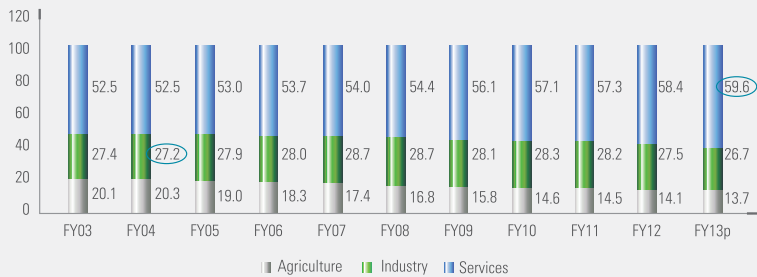
The services sector has also attracted the highest FI inflow, accounting for more than 19 percent of total FDI inflows between April 2000 and June 2013. Furthermore, the surge of the service sector has been integral to the paradigm shift regarding India being perceived as a pioneer in knowledge and technology oriented services in the global community which displaced the agriculture sector reducing its share from 20.3 percent in FY04 to 13.7 percent in FY13.

The service sector with high share in GDP is trade, hotels, transport and communication. In FY13, it accounted for a share of 27.8 percent in GDP and 46.7 percent in services.



Service-led growth

Sector-wise composition of GDP (%)



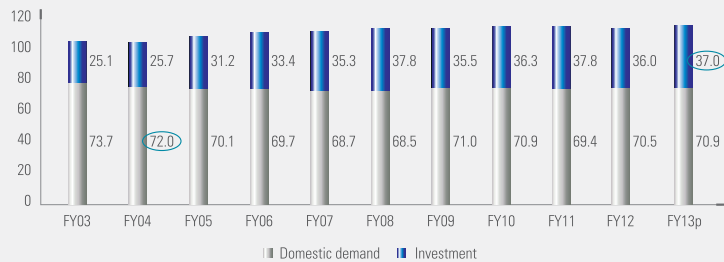
Source: Various press notes on National Income Accounts, Central Statistics Office, GoI; "Handbook of Statistics," Reserve Bank of India, accessed on 24 April 2013; KPMG in India Analysis  
Note: p denotes provisional estimates

High share of domestic consumption and investment

The Indian economy has been a primarily domestic driven economy which can be gauged from the high share of domestic demand (private and government consumption expenditure) in the country's GDP. Though the share has marginally declined from 72.0 percent in FY 04 to 70.9 percent in FY 13, it continues to remain substantially high. Positively, this has insulated the Indian economy from global slowdown to some extent. On the other hand, the share of investment has risen from 25.7 percent in FY 04 to 37.0 percent in FY 13. This strengthens the prospects of India's long-term growth.

Strong domestic demand and rising investment

Share of domestic demand and investment (%)



Source: Various press notes on National Income Accounts, Central Statistics Office, GoI "Handbook of Statistics" Reserve Bank of India, accessed on 24 April 2013; KPMG in India Analysis

Note: These shares are in GDP at market price; the bar total (sum of domestic demand and investment) does not add up to 100 percent as the contribution of net exports (which is mostly negative) has been excluded.

Note: p denotes provisional estimates



## Expanding infrastructure

India's infrastructure has been continually improving as reflected in the following instances.

- The domestic telecom sector is the second largest in the world, after China. The country's wireless and wireline subscriber base stood at 867.8 million and 30.2 million, respectively, as at the end of March 2013<sup>2</sup>.
- The installed electricity capacity increased by 12 percent y-o-y to 223,343.6 MW as at the end of March 2013<sup>3</sup>.

- The capacity of refineries stood at 215 MT as at April 2013<sup>4</sup>.
- Many other infrastructure facilities in other sectors such as railways, airways and ports are also either being constructed or revamped to support higher capacity.

In order to support infrastructure development in the 12<sup>th</sup> Five Year Plan period, the Gol has envisaged an investment of \$ 1 trillion. The private sector is expected to play a major role in projects from sectors such as power, airports, metro-rail and road.

According to the World Economic Forum's Global Competitiveness Report 2012-13, India's ranking improved in many infrastructure sub-sectors (including ports and power supply). The country fares well in railroad infrastructure with a ranking of 27/144, followed by airways with a ranking of 68/144. It is expected that continued government support will lead to expansion in infrastructure and improved rankings.

## Increased government support

The 12<sup>th</sup> Five Year Plan aims at introducing crucial reforms, greater participation of the private sector, expansion of infrastructure, increased urbanisation, higher literacy and enhancement of managerial and labour skills among others.

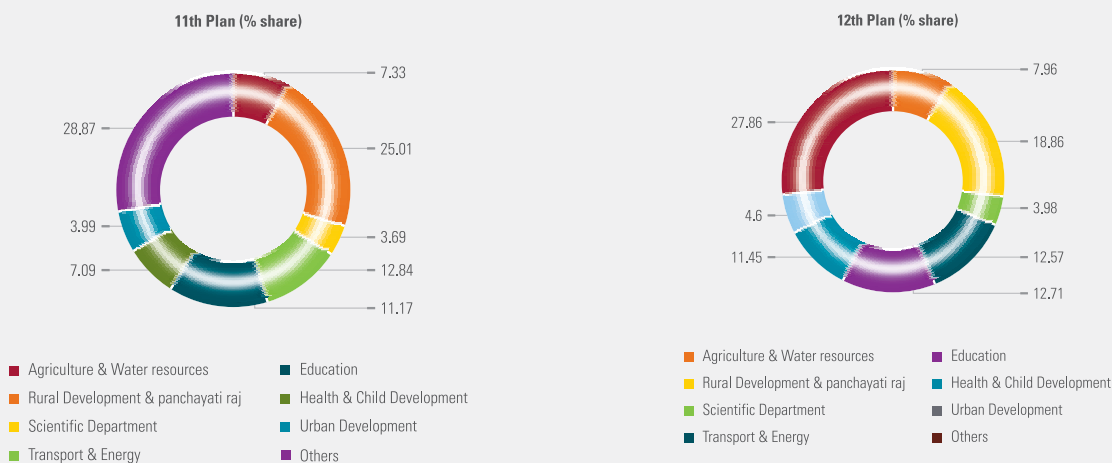
The priority sectors identified in the plan cater to objectives of higher employment, better technology, strategic security and competitive advantage in sectors such as textiles, handicrafts, gems and jewellery, IT hardware and electronics,

aerospace, telecom, automotive and pharmaceuticals.

The gross budgetary support in the 12<sup>th</sup> Five Year Plan is projected to more than double to \$ 656 billion from \$ 350 billion in the 11<sup>th</sup> Five Year Plan.

## Government spending in key categories has opened opportunities for foreign investors

Sector-wise composition of gross budgetary support during the plan periods



Source: "Draft 12<sup>th</sup> Five Year Plan (2012-2017)" Planning Commission, Gol

2. "Highlights on Telecom Subscription Data as on 31 March 2013" Telecom Regulatory Authority of India, 29 May 2013  
3. "Monthly Review of Power Sector, March 2013" Central Electricity Authority, March 2013  
4. "Installed Refinery Capacity" Petroleum Planning and Analysis Cell, accessed on 15 July 2013  
Note: \$ 1 = ₹ 45.4 for the 11<sup>th</sup> Five Year Plan; \$ 1 = ₹ 54.4 in FY13 has been used for the 12<sup>th</sup> Five Year Plan

In order to boost economic growth and overall investor sentiment, the GoI announced several measures in 2013. Some of these measures include gradual reduction in subsidies on gasoline, high speed diesel and LPG (cooking gas) cylinders to reduce the fiscal deficit and align product prices to the market; disinvestment in PSUs to boost government revenues;

formation of a Cabinet Committee on Investment to expedite clearance of projects with an investment of more than \$ 183.8 million; relaxed FDI limits in the aviation, broadcasting, insurance, pension and retail sectors to improve access to advanced technology and generate employment besides facilitating increased FI; etc.

Further, the Prime Minister of India has formed a Project Monitoring Group to track large investments both in public and private sector projects. This has been done in order to expedite the commissioning of these projects.

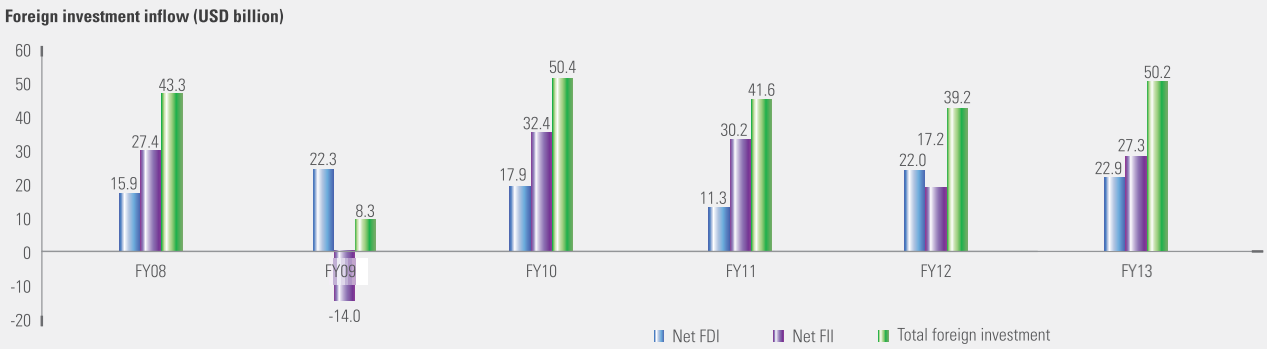
### Immense economic potential in India has translated into high cross-border interest in investing in India

Though investment declined in FY09, it was an impact of global slowdown. Positively, investment recovered in the following year. In FY13, the external sector of the country has witnessed a strong impetus, which is indicative of the global confidence

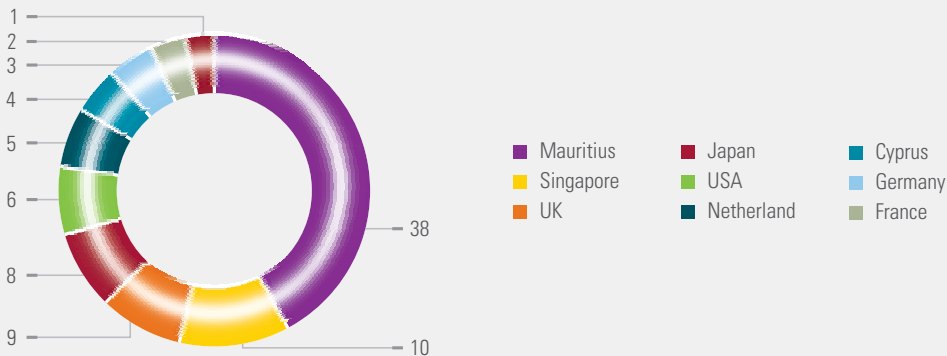
in India’s growth. FI in India picked up momentum and was recorded at \$ 50.2 billion in FY 13, higher than FY 11 and FY 12. Going forward, this is expected to improve as the global economy gains strength.

The total FDI inflow into India from April 2000 to June 2013 amounted to \$ 199 billion, with Mauritius, Singapore and the UK being the three largest sources of FI, accounting for a share of 58 percent.

#### Growth in India’s foreign investment inflow is indicative of rising investor confidence



#### Country-wise FDI Inflows (share in percent)



Source: “Handbook of Statistics” “RBI Bulletin, May 2013” RBI, accessed on 4 June 2013; “Factsheet on FDI” Ministry of Commerce and Industry, GoI

Note: \$ 1 = ₹ 54.4 in FY13

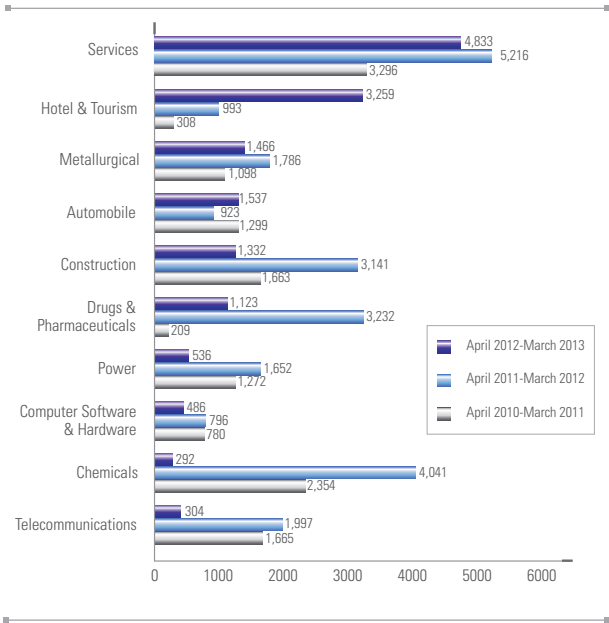
Economic profile

Indicators	Amount		
GDP and per capita income			
GDP in FY 13 (at constant FY 05 prices)*	\$ 1,012.0 billion		
GDP in FY 13 (at current prices)*	\$ 1,739.1 billion		
GDP composition by sector in FY 13* (percent)	Agriculture	Industry	Services
	13.7	26.7	59.6
Per capita income in FY 13	\$ 831.6		
Trade and foreign exchange reserves			
Exports (FY 13)*	\$ 300.6 billion		
Imports (FY 13)*	\$ 491.5 billion		
Forex reserves (as on 12 April 2013)	\$ 295.3 billion		
FI inflows			
Cumulative FDI inflows (April 2000-June 2013)	\$ 198.8 billion		
FDI inflows (FY 13)	\$ 22.4 billion		
FII inflows (FY 13)	\$ 27.3 billion		

Notes: \*Provisional  
Sources: "FDI Statistics" Department of Industrial Policy and Promotion, Gol, March 2013; "RBI Bulletin, May 2013," RBI; "Weekly Statistical Supplement" RBI, 19 April 2013; "India's Foreign Trade: March 2013"

Press Information Bureau, Gol, 18 April 2013; "Press Note on Provisional Estimates of National Income, 2012-13 and Quarterly Estimates of Gross Domestic Product, 2012-13" Ministry of Statistics and Programme Implementation, Gol, 31 May 2013  
Note: \$ 1 = ₹ 54.4 in FY13

Sectors attracting highest foreign direct investment equity inflows (USD million)



Source: "FDI Statistics" Department of Industrial Policy and Promotion, Gol, March 2013  
Note: Construction includes townships, housing, built-up infrastructure

Share of sectors attracting highest foreign direct investment equity inflows

Sectors	Cumulative inflows during April 2000-June 2013 (\$ million)	Share in total inflows (%)
Services	38,180	19
Construction	22,248	11
Telecommunications	12,866	7
Computer software & hardware	11,738	6
Drugs & pharmaceuticals	11,318	6
Chemicals	8,993	5
Automobile	8,810	4
Power	7,954	4
Metallurgical	7,621	4
Hotel & tourism	6,732	3

Source: "FDI Statistics," Department of Industrial Policy and Promotion, Gol June 2013  
Note: Construction includes townships, housing, built-up infrastructure

# 3. Tax/regulatory framework

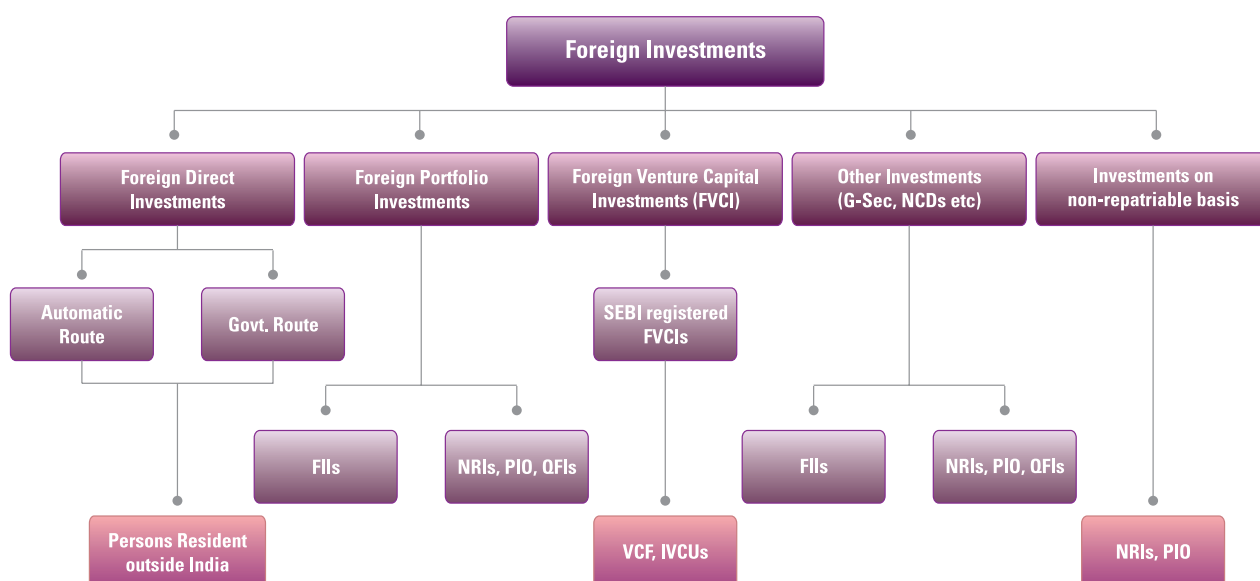
## 3.1 Governing Laws

The legal, administrative and compliance aspects of FI in India are embedded in the FEMA, consolidated FDI Policy and regulations notified by the RBI from time to time.

The objective of India's FDI Policy issued by the GoI is to invite and encourage FI in India. The Government

reviews and makes public its FDI Policy every year during the month of April. The FDI Policy contains detailed guidelines, valuation norms, compliances, approval requirements, the mode of calculating direct and indirect FDI and other compliance aspects of FI in India.

### Foreign Investments in India – Schematic Representation



### Foreign Direct Investment Routes

For the purpose of FDI in an Indian company, the following categories assume relevance:

- Sectors in which FDI is prohibited; and
- Sectors in which FDI is permitted
  - Investment under the automatic route; and
  - Investment under the prior approval route i.e. with prior approval of the Government.

### Automatic Route

Under the Automatic Route there is no requirement of any prior regulatory approval. Only post facto filing by the Indian company to the RBI through an Authorised Dealer (Banker) is required as follows:

- Filing an intimation within 30 days of receipt of FDI;
- Issuing the equity shares/equity convertible instruments within 180 days from the receipt of application money; and
- Filing the prescribed form within 30 days of the issue of securities to foreign investors.

### Prior Approval Route

FDI in the following cases generally requires prior approval of the GoI/FIPB:

- Proposals falling outside the notified sectoral caps for the Automatic Route but within the ceilings permitted under the Approval Route;

- Proposals for FDI in sectors/activities in which FDI is permitted only under the prior approval route;
- Proposals requiring issue of shares against a non-cash consideration as stipulated;
- FDI in any defunct Indian company, i.e. a company with no operations and no downstream investments;
- FDI in any holding company which will only undertake downstream investment in other Companies; and
- Proposals for issue of warrant/partly paid-up shares.

Approval is granted by the FIPB on a case to case basis after examining the proposal for investment. Pursuant to obtaining FIPB approval, the prescribed filings as applicable under the automatic route are also required to be carried out by the Indian company under the prior approval route.

## Sectoral Guidelines

The sectoral lists for FDI falling under the automatic route, prior approval route and prohibited list are revised on a regular basis by the Government depending upon industry needs.

FDI is also subject to other sectoral laws or regulations of the relevant industry regulator.

## Recent Developments in Foreign Direct Investment

The GoI launched a package of landmark reforms during September 2012 allowing FDI in Multi Brand Retail Trade (MBRT), Single Brand Retail Trade (SBRT), broadcasting sectors and civil aviation followed by revisions in various other sectors through series of Press Notes in August 2013. One of significant changes introduced is allowing the FI up to 49 percent (in most of sectors except few sensitive sectors) under automatic route.

Key sectors changes in FDI Policy are discussed below:

### a. Foreign Direct Investment in MBRT

The GoI reviewed its FDI Policy and allowed FDI in MBRT up to 51 percent under the prior approval route, subject to the prescribed conditions.

### b. Foreign Direct Investment in SBRT

The GoI permitted 100 percent FDI in SBRT, 49 percent under the automatic route and balance under approval route, subject to the prescribed conditions.

### c. Foreign Direct Investment in Civil Aviation

Foreign airlines can acquire up to 49 percent under the approval route in Scheduled and non-scheduled air transport services subject to the prescribed conditions.

### d. Foreign Direct Investment in Asset Reconstruction Companies

FI limit of investment increased in ARC from 74 percent to 100 percent of the paid-up capital of the ARC, subject to the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and other applicable provisions as envisaged under the FDI Policy.

### e. Foreign Direct Investment in pharmaceutical sector

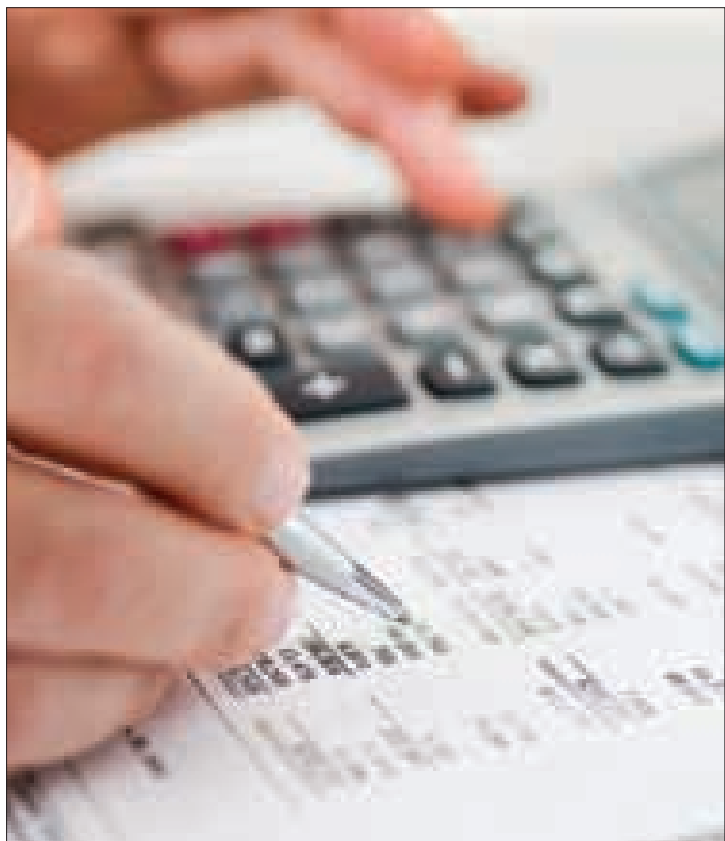
Currently, 100 percent FDI is permitted in Pharmaceutical sector through automatic approval route in new projects; however FDI in existing pharma companies is permitted only through prior approval route.

### f. Foreign Direct Investment in Defence Sector

Subject to Industrial License under the Industries (Development & Regulation) Act 1951, the GoI has allowed the benefit of additional investment above the pre-existent cap of 26 percent subject to approval of Cabinet Committee on Security/GoI on a case to case basis.

### g. Foreign Direct Investment in Telecom Services

The GoI has increased the FI limit of investment in Telecom Services from 74 percent to 100 percent, subject to the conditions notified by Department of Telecommunications.



## Issue and Transfer of Instruments and Pricing Guidelines

Indian companies can issue the following equity shares/ equity convertible instruments subject to sectoral caps, timelines and pricing norms as prescribed below:

- Equity shares;
- Fully compulsorily and mandatorily convertible debentures;
- Fully, compulsorily and mandatorily convertible preference shares;
- FCCB; and
- Depository Receipts [ADRs and GDRs].
- Foreign investors can also invest in Indian companies by purchasing or acquiring existing shares/convertible instruments from Indian shareholders or from other non-resident shareholders.

## Pricing Guidelines

Indian companies can issue FDI compliant instruments subject to pricing guidelines/valuation norms prescribed under the FEMA Regulations.

The price/conversion formula of convertible capital instruments should be determined upfront at the time of issue of the instruments. The price at the time of conversion should not in any case be lower than the fair value worked out, at the time of issuance of such instruments, in accordance with the extant FEMA regulations [the DCF method of valuation for the unlisted companies and valuation in terms of SEBI [Issue of Capital and Disclosure Requirements] Regulations, for the listed companies].

## External Commercial Borrowings/Foreign Currency Convertible Bonds/Foreign Currency Exchangeable Bonds

Overseas loans by Indian companies/entities from Foreign Lenders are governed by the guidelines on ECB issued by the RBI under the Foreign Exchange Regulations. The ECB Policy stipulates detailed guidelines for eligible borrowers, recognised lenders, amounts and maturity periods, all-in-cost interest ceilings, end-use, compliances, etc.

Issue of any non-convertible, optionally convertible or partially convertible preference shares or debentures to non-residents is considered ECB from a foreign exchange regulation perspective and needs to comply with ECB guidelines.

An Indian company can also raise funds by issuing FCCBs or FCEBs. The FCCBs are convertible into ordinary shares of the issuing company in any manner, either in whole or in part. In the case of FCEBs, equity shares of another

Indian company (Offered company – being a listed company, engaged in a sector eligible to receive FDI and eligible to issue or avail of FCCBs or ECB) are issued on conversion. The issuer company should be part of the promoter group of the Offered company.

## American Depository Receipts or Global Depository Receipts

A company can issue ADRs or GDRs if it is eligible to issue shares to persons resident outside India under the FDI Policy subject to compliance with framework stipulated in this regard.

In general, unlisted companies which have not yet accessed the ADR or GDR route for raising capital would require prior or simultaneous listing in the domestic market. Unlisted companies which have already issued ADR/GDR in the international market have to list in the domestic market on making profit or within three years of such issue, whichever is earlier.

## Portfolio Investment in India

FIIIs that are eligible and apply/register with SEBI are eligible to invest in India under the PIS within prescribed guidelines, ceilings and parameters.

Eligible Institutional Investors that can register with SEBI as FIIIs include Pension Funds, Mutual Funds, Investment Trusts, Banks, Charitable Societies, Foreign Central Bank, Sovereign Wealth Funds, University Funds, Endowments, Foundations, Charitable Trusts, Insurance Companies, Re-insurance Companies, Foreign Government Agencies, International or Multilateral Organisations/Agencies, Broad based Funds, Asset Management Companies, Investment Managers/Advisors, Institutional Portfolio Managers and Trustees of Trusts.

An application for registration as a FII can be made in two capacities, namely as an investor or for investing on behalf of the applicants sub-accounts.

The FIIIs can also access the FDI route for investments in an Indian company subject to compliance with the FDI Policy.<sup>1</sup>

Furthermore, the QFIs can directly invest in the equity market subject to certain operational and procedural guidelines. Both the market and banking regulators have now issued detailed Circulars to make this Scheme operational. A few of the key conditions/restrictions/limits are listed below:

- RBI would grant general permission to QFIs for investment under a PIS;
- QFIs can transact in Indian equity shares only on the basis of taking and giving delivery of shares purchased or sold;

1. Based on press releases during January 2012, available at the website of Press Information Bureau, Gol

- QFIs are not permitted to issue offshore derivatives instruments/participatory notes;
- The total shareholding by an individual QFI shall not exceed five percent of paid-up equity capital of the company at any point in time;
- The aggregate shareholding of all QFIs shall not exceed ten percent of paid-up equity capital of the Indian company at any point in time;
- The limits are over and above the FII and NRI investment ceilings prescribed under the PIS. However, where composite sectoral caps are prescribed under the FDI Policy, the limits for QFI investments shall be within such overall limits;
- In case the aggregate shareholding of the QFIs exceeds the limit of ten percent for whatsoever reason, the QFI due to whom the limit is breached shall mandatorily divest excess holdings within three working days of such breach being notified by the depositories to the Qualified Depository Participant.

## Investment as Foreign Venture Capital Funds

A FVCI which is eligible and registered with SEBI can invest in an Indian VCF/Indian VCU. It can also set up a domestic asset management company to manage the funds. All such investments are allowed under the automatic route subject to SEBI and RBI regulations and the FDI Policy.

## Investment by Non-resident Indians

NRIs/PIOs can invest in the shares or convertible debentures of an Indian company on a repatriation basis on the Indian stock exchange under PIS subject to limits and conditions.

NRIs/PIOs can also invest in the shares or convertible debentures of an Indian company (not engaged in the sectors of agricultural or plantation activities, real estate business, construction of farm houses or dealing in transfer of development rights) on a non-repatriation basis subject to prescribed conditions.

NRIs/PIOs are also eligible to invest in dated Government securities, mutual funds, bonds, etc. on a repatriation and non-repatriation basis under the scheme/framework stipulated. NRIs/PIOs can also invest in proprietary/partnership firms within the compliance framework stipulated.

## Calculation of Total Foreign Investment

The FDI Policy also provides the methodology for calculation of Total FI in an Indian company for the purpose of sectoral cap and approval requirements. For this purpose all types of FIs, i.e. FDI; FII holdings as on 31 March; NRIs; ADRs; GDRs; FCCBs; FCEBs; fully,

compulsorily and mandatorily convertible preference shares and fully, compulsorily and mandatorily convertible debentures, are to be considered.

Total FI is equal to Direct FI plus Indirect FI in an Indian company.

- Direct investments are all specified types of FI made directly by a non-resident entity into the Indian company; and
- Indirect FI are investments in an Indian company made through investing Indian companies which are owned or controlled by non-resident entities, to be calculated as per the prescribed methodology.

These provisions are far-reaching in terms of scope, coverage, and computation and go beyond the pro-rata methodology.

The entry level guidelines or conditions for FDI in an Indian company have been expressly clarified to extend to indirect FI as well, i.e. downstream investments by Indian entities owned and controlled by non-resident entities.

For FI into an Indian company engaged only in the activity of investing in the capital of another Indian company/ies or a company which does not have any operations and also does not have any downstream investment, prior Government approval is required.

For all cases of transfer of ownership or control of Indian companies in specified or controlled sectors from resident Indian citizens or entities to non-resident entities, prior Government approval will be required.

For downstream investments a notification to the Government within the prescribed timeframe and parameters is required.

The investing Indian companies cannot leverage funds from the domestic market for the purpose of downstream investment.

## Forms of business presence

Depending upon its business needs, a foreign company can choose between setting up a LO, a BO or a PO or incorporating/investing in an Indian company under the FDI Guidelines.

### Eligibility criteria for foreign companies proposing to set up Liaison Office/Branch Office in India

A foreign company can establish a LO or a BO in India with prior approval from the RBI if it is engaged in a sector where 100 percent FDI is permitted under the automatic route under the FDI Policy.

Other cases and those of NGOs, Not-for-Profit Organisations, Government Bodies and Departments are considered by the RBI in consultation with the Gol.



The application needs to be filed with the RBI through an Authorised Dealer Banker. The LO/BO approval of the RBI is location specific and subject to guidelines issued in this regard.

There are eligibility criteria and procedural guidelines for establishment of LO/BO by foreign entities in India.

Following setup in India, the LO/BO requires various registrations and compliance obligations including obtaining a Unique Identification Number from the RBI.

In view of the time frame obligations, the entire process needs to be carefully planned and implemented.

### Comparative Summary

The following comparative summary provides an overview of different forms of business enterprises in India based on various criteria like regulatory approvals, permitted activities, funding, compliance requirements, tax consideration, etc.

Particulars	Liaison Office	Branch Office	Project Office	Subsidiary/Joint Venture
1. Setting up requirements (general)	Prior approval of RBI required.	Prior approval of RBI required.	Prior RBI approval not required if certain conditions are fulfilled.	For activities/sectors under the automatic route, only post facto filings with the RBI obligated by the investee Indian company. For others, obtain prior Government/FIPB approval and then proceed with post facto filings.
2. Permitted activities	Only a liaison, representation, and communication role is permitted. No commercial or business activities giving rise to any business income can be undertaken.	Only activities listed/ permitted by RBI can be undertaken. Local manufacturing [except for SEZ units] and domestic retail trading are not permitted.	Permitted if the foreign company has a secured contract from an Indian company to execute a project in India.  Permitted to open, hold and maintain two foreign currency accounts subject to prescribed conditions.	Subject to sectoral policy in FDI guidelines/framework.
3. Funding for local operations	Local expenses can be met only out of inward remittances from abroad from head office through normal banking channels.	Local expenses can be met only out of inward remittances from head office or from earnings from permitted operations.	Local expenses can be met through inward remittances from head office or from earnings from permitted operations.	Funding may be through equity or other forms of permitted capital infusion, borrowings (local/overseas norms) or internal accruals.
4. Compliance requirements under Foreign Exchange Management Regulations	Required to obtain and file an Annual Activity Certificate from the Auditors in India with the Authorised Dealer (Banker) with a copy to the Income Tax Authorities and a specified report with the office of the DGP.		Compliance certificates stipulated for various purposes. A specified report with the office of the DGP.	Required to file periodic and annual filings relating to receipt of capital and issue of shares to foreign investors.
5. Permanent Establishment/ taxable presence	LO generally does not constitute a PE/taxable presence under DTAA due to the limited scope of activities in India.	Generally constitutes a PE and is a taxable presence under DTAA as well as domestic income tax provisions.	Generally constitute a PE and is a taxable presence under DTAA as well as domestic income tax provisions.	It is an independent taxable entity and does not constitute a PE of the foreign company per se unless deeming provisions of DTAA are attracted.
6. Compliance requirements under the Income Tax Act, 1961 (the Act)	No tax liability as generally it cannot/does not carry out any commercial or income earning activities. Annual filing of information with the Income Tax Authorities within 60 days from the end of the financial year.	Obligated to pay tax on income earned and required to file returns of income in India. No further tax on repatriation of profits.	Obligated to pay tax on income earned and required to file returns of income in India. No further tax on repatriation of profits.	Liable to tax on global income on net basis. Dividends declared are freely remittable but subject to DDT.



### Reporting requirements for Liaison Office/Branch Office/Project Office

The key details to be reported are as follows:

- List of personnel employed, including foreigners in the India office;
- List of foreigners other than employees who visited India offices in connection with the activities of the company;
- Whether all foreign nationals employed at the LO/BO/PO are on E visas. If not, indicate details of such foreign nationals;
- Whether the foreign nationals on E visas have reported to the mandatory authorities i.e. a Police Station etc. If not, the name of such nationals/nationality, along with the relevant details and reasons for not complying with the requirement;
- Projects/contracts/collaborations worked upon or initiated during the year;
- List of equipment imported for business activities in India.

#### Timelines for reporting include:

On setting up a LO/BO/PO – To be submitted within five working days of LO/BO/PO becoming functional to the DGP of the state concerned in which LO/BO/PO is established;

Existing LO/BO/PO – To be submitted on an annual basis along with a copy of the Annual Activity Certificate/Annual Report to the DGP of the State and with an Authorised Dealer (Banker).

### Repatriation of Foreign Exchange

India does not have full capital account convertibility as yet. However, there have been significant relaxations in the recent past for withdrawal of foreign exchange for both current account and capital account transactions. The payments due in connection with foreign trade, other current business, services, etc. are regarded as current account transactions and are generally permissible.

In the case of certain transactions listed in Schedules II and III, prior approval is not required if the payment is made out of foreign exchange funds held in an EEFC account of the Remitter. Remittances for all other current account transactions can generally be made directly through the AD Bank without any specific prior approval. Some of the relevant current account payments are discussed below.

**Dividends:** Dividends declared by an Indian company can be freely remitted overseas to foreign shareholders without any prior approval or dividend balancing requirement.

**Foreign technology collaboration:** The Government's liberalised policy permits payments for royalty, lump-sum fees for transfer of technology and payments for use of trademark/brand name under the automatic route without any restrictions /ceilings.

**Consultancy services:** Remittances up to \$ 1 million per project (\$ 10 million for specified infrastructure projects) can be made without any prior approval of the RBI. However, no such prior approval is necessary if the remittance exceeding this ceiling is made out of an EEFC account of the Remitter.

**Import of goods:** Payments in connection with import of goods and services in the ordinary course of business are generally permissible and can be undertaken freely through direct filing of required documents with the AD Bank.



## 3.2 Direct Taxes

India follows a residence based taxation system. Broadly, taxpayers may be classified as residents or non-residents. A resident individual taxpayer may also be classified as not ordinarily resident.

A tax year means a financial year which runs from 1 April to 31 March of the following calendar year. Any income pertaining to the tax year (known as the previous year) is offered to tax in the following year (known as the assessment year).

Generally, the global income of domestic companies, partnerships and local authorities is subject to tax at flat rates, whereas individuals and other specified taxpayers are subject to progressive tax rates. Foreign companies and NRI are also subject to tax at varying rates on specified income which is received/accrued or deemed to be received/accrued in India.

### Residential status

#### Individual

Depending upon the period of physical stay in India during a given tax year (and the preceding ten tax years), an individual may be classified as a resident, a non-resident or a not ordinarily resident in India.

#### Company

A resident company is a company formed and registered under the Companies Act, 1956 or one whose control and management is situated wholly in India. An Indian company (being a company formed and registered under the Companies Act, 1956) by definition is always a resident.

### Kinds of taxes

#### Corporate income tax – Indian company

A resident company is taxed on its global income. Income tax at the rate of 30 percent is levied on income earned during a tax year. A Surcharge and Education Cess is also levied<sup>1</sup>.

Alternatively, a company is required to pay MAT at 18.5 percent on the adjusted book profits in the case that the book profits are less than the taxable income of the Company. A Surcharge and Education Cess is also levied<sup>1</sup>.

DDT at 16.995 percent (including surcharge of 10 percent and education cess) is liable to be paid on the dividend declared, distributed or paid by a domestic company.

<sup>1</sup> **Surcharge:**

- If the total income exceeds \$ 183,857 - 5 percent on income tax.
- If total income exceeds ₹ 1,838,573 million - 10 percent on income tax.

**Education Cess:** Applicable at 3 percent on income tax (inclusive of surcharge, if any).

Note: \$ 1 = ₹ 54.39 for FY 13

Dividend income received by an Indian company from foreign companies would be taxed at 15 percent (plus applicable Surcharge and Education Cess as given above) provided it holds at least 26 percent in the nominal value of equity share capital of the foreign company.

Further, an additional income tax at the rate of 22.66 percent (inclusive of applicable surcharge and education cess) shall be levied on specified distributed income of unlisted domestic companies that buy back shares from its shareholders.

#### Tonnage Tax Scheme for Indian shipping companies

Tax is levied on the notional income of the Indian shipping company arising from the operation of ships at normal corporate tax rates. The notional income is determined in a prescribed manner on the basis of the tonnage of the ship. Shipping companies can opt for the scheme or taxation under normal provisions. Once the scheme has been opted for, it would apply for a mandatory period of ten years and other tax provisions would not apply.

#### Securities Transaction Tax

STT is levied on the value of taxable securities transactions at specified rates. The taxable securities transactions are:

- Purchase/sale of equity shares in a company or a derivative or a unit of an equity-oriented fund entered into in a recognised stock exchange; and
- Sale of a unit of an equity-oriented fund to the mutual fund.

#### Commodity Transaction Tax

CTT is levied on the sale of a commodity derivative (other than agricultural commodities) entered in a recognised association from a date to be notified.

#### Wealth Tax

Wealth tax is levied on specified assets at one percent on the value of the net assets as held by a taxpayer (net of debts incurred in respect of such assets) in excess of the basic exemption of \$ 55,147.

### Tax rates

#### Personal taxes

Individuals (excluding senior citizens) are liable to tax in India at progressive rates of tax as follows:

Total Income	Basic Tax Rates (e)
Up to \$ 3,677 (a) (b)	NIL
From \$ 3,677 to \$ 9,192 (c)	10%
From \$ 9,192 to \$ 18,385	20%
From \$ 18,385 and above (d)	30%

- a. In the case of a resident individual of the age of 60 years or above but below 80 years, the basic exemption limit is \$ 4,596
- b. In the case of a resident individual of the age of 80 years or above, the basic exemption limit is \$ 9,092
- c. A rebate from tax of up to \$ 37 shall be available for a resident individual whose total income is below \$ 9,192
- d. Further, a 10 percent surcharge shall be levied if the total income exceeds \$ 183,857. Marginal relief is available.
- e. Education cess is applicable at the rate of 3 percent on income tax (inclusive of surcharge, if any)

Capital gains tax

The profits arising from the transfer of capital assets are liable to be taxed as capital gains. Capital assets include all kinds of property except stock-in-trade, raw materials and consumables used in business or profession, personal effects (except jewellery), agricultural land and notified gold bonds.

Long-term capital gains arise from assets held for 36 months or more (12 months for shares, units, etc.) and are eligible for indexation benefit. Gains arising from transfer of long-term capital assets are taxed at special rates/eligible for certain exemptions (including exemption from tax where the sale transaction is chargeable to STT). Short-term capital gains arising on transfer of assets other than certain specified assets are taxable at normal rates.

Taxability of foreign nationals

Foreign nationals are liable to tax in India depending upon their residential status. Indian tax law provides an exemption of income earned by employees of a foreign enterprise for services rendered in India, subject to the following conditions:

- The foreign enterprise is not conducting any trade or business in India
- The individual's stay in India does not exceed 90 days
- The payment made is not deducted in computing the income of the employer.

Remuneration received by a non-resident employed on a foreign ship is exempt from tax provided his/her stay in India does not exceed 90 days.

Taxability of foreign companies

A non-resident company is taxed at 40 percent on income

2 Surcharge:

- If the total income exceeds \$ 183,857 - 2 percent on income tax.
- If total income exceeds \$ 1,838,573 - 5 percent on income tax.

**Education Cess:** Applicable at 3 percent on income tax (inclusive of surcharge, if any).

Note: \$ 1 = ₹ 54.39 for FY 13

which is received/accrued or deemed to accrue/arise in India.

A Surcharge and Education Cess is also levied<sup>2</sup>.

Modes of taxation

Gross basis of taxation

Interest and Royalties/FTS earned by non-residents are liable to tax on a gross basis at 20 and 25 percent respectively. However, DTAA protection may be available.

A Surcharge and Education Cess is also levied<sup>2</sup>.

Presumptive basis of taxation

Foreign companies engaged in certain specified business activities are subject to tax on a presumptive basis.

Activity	Basis of taxation	Effective tax rate (including surcharge (2%/5%) and education cess 3%)
Oil and gas services	Deemed profit of 10% of revenues	4.2024/4.326%
Execution of certain turnkey contracts	Deemed profit of 10% of revenues	4.2024/4.326%
Air transport	Deemed profit of 5% of revenues	2.1012/2.16%
Shipping operations	Deemed profit of 7.5% of freight revenues	3.1518/3.24%



## Head Office Expenditure

Foreign companies operating in India through a branch are allowed to deduct executive and general administrative expenditure incurred by the head office outside India. However, such expenditure is restricted to the lower of:

- Five percent of adjusted total income (as defined); or
- Expenditure attributable to the Indian business.

In cases where the adjusted total income for a year is a loss, the expenditure is restricted to 5 percent of the average adjusted total income (as defined).

## Taxation on transfer of shares of a closely held company without or for inadequate consideration

With effect from 1 June 2010, the transfer of shares of a closely held company without or for inadequate consideration to a firm or to a closely held company is taxable in the hands of the recipient of shares. The taxable income for the recipient will be the fair market value of the shares if the transfer is without consideration. If the transfer is for inadequate consideration then the taxable income will be the difference between the fair market value and consideration that exceeds the threshold of \$ 919. The computation of the fair market value of the shares has been prescribed.

## Share premium in excess of the fair market value deemed as income

With effect from 1 April 2012, where a closely held company receives from any person, being a resident, any consideration for issue of shares that exceeds face value of shares, the aggregate consideration received for such shares as exceeds the fair market value of shares is taxable in the hands of recipient. However, this does not apply in case where the consideration for issue of shares is received by (a) a VCU from a venture capital company or a venture capital fund; or (b) a company from a class or classes of persons as may be notified.

## Withholding of taxes

Generally, incomes payable to residents or non-residents are liable to withholding tax by the payer. However in most cases individuals are not obliged to withhold tax on payments made by them. Under the Act, the payments to foreign companies/non-residents are subject to the following:

Type of income	Foreign companies (Note 3)	Other non-residents*
Interest on foreign currency loan	20 percent	20 percent
Interest payable on External Commercial Borrowings borrowed between 1 July 2012 to 1 July 2015	5 percent	5 percent
Royalties and technical services fee approved by the Government or in accordance with the industrial policy	25 percent	25 percent
Long term capital gains	20 percent	20 percent
Any other income	40 percent	40 percent

\* Further, there shall be levied a 10 percent surcharge if the total income exceeds \$ 183,857. Education Cess is applicable at 3 percent on income tax (inclusive of surcharge, if any).

## Carry forward of losses and unabsorbed depreciation - Subject to the fulfillment of prescribed conditions

Business loss (including that of speculation business), unabsorbed depreciation, and capital loss (long-term as well as short-term) can be carried forward and set off as per the prescribed provisions of the law. Business losses can currently be carried forward for a period of eight years whereas unabsorbed depreciation can be carried forward infinitely.

## Corporate Re-organisations

Corporate re-organisations, such as mergers, demergers and slump sales, are either tax neutral or taxed at concessional rates subject to the fulfillment of the prescribed conditions.

## Limited Liability Partnerships

The LLP Act was introduced in 2008 in India. LLPs are subject to AMT at the rate of 18.5 percent of the adjusted total income in case where the income tax payable is less than 18.5 percent of the adjusted total income. The provisions dealing with DDT do not apply to an LLP.

The conversion of a private company or unlisted public company into an LLP is exempt from tax subject to prescribed conditions.

## Foreign Institutional Investors

To promote the development of Indian capital markets, qualified FIIs/sub-accounts registered with the SEBI and

Note: \$ 1 = ₹ 54.39 in FY 13

investing in listed Indian shares and units are subject to tax as per the beneficial regime as follows:

Interest	20 percent
Long-term capital gains #	NIL
Short- term capital gains #	15 percent

# Subject to payment of STT

A Surcharge and Education Cess will also be levied<sup>3</sup>.

The rate of tax on other short-term capital gains is 30 percent plus surcharge (if applicable) and education cess.

### Return of Income

Every company and every other taxpayer whose taxable income exceeds the maximum amount not chargeable to tax is required to file a return of income in a prescribed form. The return of income is required to be filed before the prescribed dates of the assessment year.

### Assessment Procedure

The Tax Officers conduct the audits of the income disclosed by the taxpayers. They may recompute the tax liability based on their findings. The taxpayer, if aggrieved by the decision of the Tax Officer, has an option to file an appeal with the first appellate authority, i.e. the Commissioner of Income-tax (Appeals). Further, the taxpayer can file an appeal before the Income-tax Appellate Tribunal, High Court and Supreme Court.

### Dispute Resolution Mechanism

In order to facilitate expeditious resolution of transfer pricing disputes and disputes relating to taxation of foreign companies, an alternate dispute resolution mechanism has been provided in the form of the DRP.

### Relief from Double Taxation

India has entered into DTAA with more than 84 countries. Generally, the provisions of DTAA's prevail over the domestic tax provisions. However, the domestic tax provisions may apply to the extent they are more beneficial to the taxpayer. The benefit of the DTAA will not be available unless a taxpayer obtains a TRC from the Government of the Home Country.

India has also entered into Tax Information Exchange Agreements with various territories for e.g. Bermuda, the Isle of Man, the Bahamas, British Virgin Islands, Cayman Islands, etc.

### Authority for Advance Rulings

A scheme of advance rulings is available to an applicant (who may be either a non-resident or a resident who has entered into a transaction with a non-resident) with respect to any question of law or fact in relation to the

tax liability of the non-resident, arising out of a transaction undertaken or proposed to be undertaken.

The advance rulings are binding on the tax authorities as well as the applicant. However, they can be challenged before the High Court.

Advance rulings help non-residents and residents having transactions with a non-resident in planning their income tax affairs well in advance and bring certainty in determination of income tax liability. They also help in avoiding long drawn litigation in India.

### Anti-Avoidance Measures

The GAAR has been introduced under the Indian domestic law. However, it is proposed to be effective from FY 2015-2016.

Under GAAR, an arrangement is to be treated as an impermissible avoidance arrangement if the main purpose is to obtain tax benefit and amongst other instances it lacks/deems to lack commercial substance. Further, an arrangement shall be deemed to lack commercial substance under certain prescribed circumstances. The other instances of becoming an impermissible avoidance arrangement are if it is not at arm's length or there is a misuse or abuse of provisions or it is not for a bonafide purpose.

Upon a reference being made to it, the Approving Panel shall issue directions in respect of declaring an arrangement an impermissible avoidance arrangement. An Approving Panel will be constituted of a Retired Judge of a High Court and outside experts to issue directions on the applicability of GAAR in each case.

### Venture Capital Companies/Venture Capital Funds

Any income of a VCC or VCF from investments in a VCU shall be exempt from tax subject to fulfillment of certain conditions. The provisions of withholding tax and DDT are not applicable to the income paid by VCF/VCC to the investors.

### Tax Incentives

#### Special Economic Zones

The SEZ Scheme is administered by the Ministry of Commerce through the Board of Approvals (at Central level) and through the concerned Development Commissioner (at SEZ level). The Scheme is operated through the SEZ Act, 2005 and SEZ Rules, 2006.

3 Surcharge:

- If the total income exceeds \$ 1,83,857 - 2 percent on income tax.
- If total income exceeds \$ 1,838,573 - 5 percent on income tax.

Education Cess: Applicable at 3 percent on income tax (inclusive of surcharge, if any).

Note: \$ 1 = ₹ 54.39 for FY 13

## Units set up in Special Economic Zones

A unit which sets up its operations in SEZ is entitled to claim tax holiday for a period of 15 years commencing from the year in which such unit begins to manufacture or produce articles or things or provide services. The tax holiday of 15 years is as follows:

- 100 percent for first five years;
- 50 percent for the next five years;
- 50 percent for the next five years (with restriction to create reserves).

The benefits are available against export profits.

However, MAT and DDT provisions are applicable to the SEZ units.

## Special Economic Zone developer

A 100 percent tax holiday (on profits and gains derived from any business of developing an SEZ) for any ten consecutive years out of 15 years has been provided to undertakings involved in developing SEZs. However, MAT and DDT provisions are applicable to the SEZ developers.

## Offshore Banking Units and International Financial Services Center Units set up in Special Economic Zone

OBUs and IFSCs located in SEZs are entitled to tax holidays of 100 percent of income for the first five years (commencing from the year in which permission to set up OBU or IFSC is obtained) and 50 percent for next the five consecutive years. However, MAT and DDT provisions are applicable to these units.

### In-house Research and Development

A weighted deduction at the rate of 200 percent of the scientific research expenditure incurred (excluding expenditure on the cost of land or buildings) on an in-house research and development facility is allowed as a deduction while computing the income of a taxpayer which is engaged in the business of manufacture or production of any article or thing other than a prohibited article or thing.

### Tax holiday in respect of infrastructure projects

Undertakings engaged in prescribed infrastructure projects are eligible for a tax holiday for a consecutive period of any ten years out of a block period of 20 years.

### Tax holiday in respect of power projects

A tax holiday of ten years in a block of 15 years is available to undertakings set up before 31 March 2014, with respect to generation/generation and distribution of power, laying of a network of new lines for transmission or distribution, undertaking a substantial renovation

(more than 50 percent) and modernisation of the existing network of transmission or distribution lines.

### Investment allowance

An Investment allowance is available at 15 percent on investments made by a manufacturing company in new Plant and Machinery acquired and installed between 1 April 2013 and 31 March 2015 if the same exceeds \$18.4 million.

## Transfer Pricing in India

### Scope and Applicability

The price of any transaction between 'associated enterprises,' either or both of whom are non-resident for Indian income tax purposes, shall be computed with regard to the ALP. Two enterprises are considered to be 'associated enterprises' if there is direct/indirect participation in the management or control or capital of an enterprise by another enterprise or by same persons in both the enterprises. The Act also defines specific situations wherein two enterprises shall be deemed to be associated enterprises.

### Domestic Transfer Pricing

The transfer pricing regulations also apply to certain domestic transactions defined as SDT covering the following:

- Payments (i.e. only expenditure) to specific related parties;
- Transactions between tax holiday eligible units and other business of the same taxpayer;
- Computation of ordinary profits of a tax holiday unit of the taxpayer where there are transactions with entities with close connection;
- Such other transactions, as may be prescribed.

These provisions shall be applicable in cases where the aggregate amount of all such domestic transactions exceeds \$ 919,286 in a financial year.

### Determination of Arm's Length Price

The Indian Transfer Pricing Regulations require the ALP in relation to an international transaction to be determined by any one of the following methods, being the MAM.

- CUP method;
- RPM;
- CPLM;
- PSM;
- TNMM; and

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Note: \$ 1 = ₹ 54.39 in FY 13 used for the specified period



- Other Method which permits use of a 'price which has been charged or paid, or would have been charged or paid' thereby allowing use of bonafide quotations, bids, proposals as comparable transactions or prices, and also economic and commercially justifiable models and similar approaches.

The upper ceiling would be 3 percent when the Central Government notifies the tolerance range. Recently, the Government has notified that where the variation between the ALP determined under Section 92C of the Act and the price at which the international transaction or SDT has actually been undertaken does not exceed 1 percent of the latter for wholesale traders and 3 percent of the latter in all other cases, the price at which the international transaction or SDT has actually been undertaken shall be deemed to be the ALP for Assessment Year 2013-14.

In a case where more than one price is determined by the MAM, the ALP shall be taken to be the arithmetical mean of such prices. Further, the transfer pricing regulations permit an allowable variation in case of deviation from ALP. Earlier, the price of the international transaction was deemed to be at arm's length in cases where the difference between the ALP determined and the price at which the international transaction took place did not exceed 5 percent of the latter.

### Compliance Requirements

The Transfer Pricing Regulations have prescribed an illustrative list of information and supporting documents required to be maintained by taxpayers entering into an international transaction. Currently, the mandatory documentation requirements are applicable only in cases where the aggregate value of the international transactions exceeds \$ 18,385.

Further, every entity entering into an international transaction is required to file a transfer pricing audit certificate (Form 3CEB).

Taxpayers entering into SDTs beyond the prescribed limit would also have to adhere to the above compliances.

Non-maintenance of mandatory documentation can result in a penalty of 2 percent of the value of the transactions between related parties. Further penalties can also be levied at the rate of 2 percent of the transaction value for non-reporting of transactions and for incorrect maintenance/submission of documents.

### Transfer Pricing Audits

Transfer pricing matters are dealt with by specialised Transfer Pricing Officers duly guided by Directors of International Taxation, being part of the Indian

tax administration. In accordance with the internal administrative guidelines issued to the Revenue Authorities, all taxpayers reporting international transactions with associated enterprises exceeding \$ 275,7859 million are subject to a mandatory transfer pricing audit.

### Safe Harbour Rules

To reduce increasing number of transfer pricing audits and prolonged disputes, the CBDT notified the Safe Harbour Rules in September 2013, applicable for a period of 5 years starting with Assessment Year 2013-14 for various sectors. The Rules provide for a time bound procedure for determination of the eligibility of the taxpayer and of the international transactions for Safe Harbour Rules.

### Advance Pricing Agreements

Recently, APA provisions have been introduced in the Act and the salient legislative provisions of this are as follows:

- APA provisions have been introduced with effect from 1 July 2012;
- Option of Unilateral/Bilateral/Multilateral APA possible;
- The ALP shall be determined on the basis of prescribed methods or any other method;
- Valid for a maximum of five consecutive years unless there is a change in provisions of the Act having a bearing on the international transaction;
- Pre-filing consultation mandatory (option of anonymous filing available);
- In case an APA covering a particular year is obtained after filing the return of income, a modified return should be filed based on the APA and assessment or reassessment to be completed based on such modified return;
- APA to be declared void ab initio if obtained by fraud or misrepresentation of facts;
- No regular TP audits – only an annual compliance audit;
- Taxpayer can withdraw the APA application at any stage;
- Option of renewal of APA available.

The detailed rules have been prescribed by the Government.

### Mutual Agreement Procedure

The taxpayers can choose a MAP to resolve bilateral international tax/transfer pricing issues with certain foreign jurisdictions depending on the provisions in the relevant DTAA. The Revenue Authorities have issued clarifications whereby, subject to the satisfaction of certain conditions and depending on the relevant foreign jurisdiction, the taxpayers choosing the MAP process

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Note: \$ 1 = ₹ 54.39 in FY 13

may not need to pay the tax demand until the closure of the MAP proceedings, subject to the furnishing of a bank guarantee.

New Direct Taxes Code Bill, 2010 – Proposed

The DTC Bill, 2010 aims to replace the Act and the Wealth-tax Act, 1957. Several proposals of the DTC are path-breaking and aim to bring changes to the ways we have traditionally understood tax laws in India.

General provisions

The concept of previous year is replaced with a new concept of financial year which means a period of 12 months commencing from the 1st day of April.

Corporate Tax

Tax rates for domestic companies

Category	Rates under the DTC
Income tax	30 percent
MAT	Levied at 20 percent of the adjusted book profits in the case of companies where income tax payable on taxable income according to normal provisions of the DTC is lower than the tax at 20 percent on book profits
DDT	15 percent

Taxation of non-residents

Category	Rates under the DTC
Foreign company	30 percent Additional branch profits tax of 15 percent (on post tax income) for income attributable directly or indirectly to PE of foreign companies in India

- A foreign company is considered to be a resident in India if its place of effective management is situated in India.
- Place of effective management of the company means:
  - The place where the board of directors of the company or its executive directors, as the case may be, make their decisions; or
  - In a case where the board of directors routinely approve the commercial and strategic decisions made by the executive directors or officers of the company, the place where such executive directors or officers of the company perform their functions.
- Persons other than individuals and companies are considered to be resident in India if their place of control and management at any time in the year is situated wholly or partly in India.

The rule is that the provisions of domestic law or DTAA, whichever are more beneficial, shall apply, except where provisions relating to GAAR/levy of branch profits tax, or CFCs apply.

- Income shall be deemed to accrue in India if it accrues, whether directly or indirectly, through or from the transfer of a capital asset situated in India.
- Income from transfer of shares or interest in a foreign company by a non-resident outside India will not be deemed to accrue in India if the fair market value of the assets owned in India (directly or indirectly) by that company does not exceed 50 percent of the fair market value of the total assets owned by that company.
- Further, it is provided that proportionate gains would be taxable in India where any income is deemed to accrue to a nonresident by way of transfer of shares or interest in a foreign company.
- A PE has been defined in the same way as in DTAA and includes one day service PE, (substantial) equipment PE and insurance agent PE.
- In relation to availability of Foreign Tax Credit, it has been clarified that:
  - Foreign Tax Credit to be available to a person resident in India; and
  - Foreign Tax Credit to be restricted to the amount of Indian income tax payable on (a) income taxed outside India and (b) the total income of the taxpayer.
- The Central Government may prescribe methods for computing the foreign tax credit, the manner of claiming credit and such other particulars as are necessary for the relief or avoidance of double taxation.
- Income of FIIs from transfer of any security will be taxable as capital gains.
- For non-residents, head office expenditure shall be restricted to one-half percent of the total sales, turnover or gross receipts.
- The DTC also proposes to introduce a CFC regime in India.





## 3.3 Indirect Taxes

### Customs duty

Customs duty is applicable on import of goods into India. It is payable by the importer of the goods.

Customs duty comprises the following elements:

- BCD;
- ACD (this is levied in lieu of CENVAT, i.e. excise duty and is applicable on goods manufactured in India);
- Education Cess;
- Secondary and Higher Education cess; and
- SAD (this is levied in lieu of VAT, applicable on sale of goods in India).

The applicable customs duty rate on the import of any goods into India is based on the universally accepted HSN code assigned to the said goods.

The generic BCD rate is 10 percent at present and the effective customs duty rate (i.e. the aggregate of the above mentioned components, i.e. BCD, ACD, SAD and cesses) with BCD at 10 percent is 28.85 percent (with ACD at 12 percent, SAD at 4 percent and cesses at 3 percent).

The ACD paid as part of customs duty would be available as a CENVAT credit (set-off) to the manufacturers/service providers using the imported goods as inputs in their manufacturing/for provision of services.

The SAD paid as part of customs duty would be available as credit to the manufacturer. For a trader, this SAD is available as a cash refund (subject to the prescribed procedure) if State VAT has been paid on subsequent sales of the imported goods. However, for a service provider no credit is available of the SAD paid.

### CENVAT

CENVAT, also known as excise duty, is applicable on manufacture of goods in India. It is payable by the person undertaking the manufacturing activity. It is recoverable from the buyer of the goods.

The applicable CENVAT rate on the manufacture of any goods in India is based on the universally accepted HSN code assigned to the said goods.

The generic CENVAT rate is 12.36 per cent (including 2 percent Education Cess and 1 percent Secondary and Higher Education Cess).

The CENVAT paid on raw materials used in the manufacture of finished products is available as set-off against the CENVAT liability on manufacture of such finished goods, subject to satisfaction of prescribed

procedures. The benefit of set-off is also available on the service tax which has been paid on services used by the manufacturer.

The Central Government has provided certain Excise Duty incentives for units set up in specified backward areas of India. The benefits/incentives are in the nature of full exemption from excise duty or refund of duty paid in cash after availing credit.

### Service tax

Service tax is applicable on the provision of all services except 17 services specified in the Negative List and 39 exempted services specified in a Mega-exemption Notification.

The generic service tax rate is 12.36 per cent (including 2 percent Education Cess and 1 percent Secondary and Higher Education Cess).

Generally, the service tax is payable by the service provider except in certain specified categories where the recipient is liable to pay the service tax such as manpower supply services, goods transport services, works contract services, legal services. Also, in cases of import of services, where the service provider is a non-resident, the service recipient in India would become liable to discharge the service tax liability on a reverse charge basis.

The service tax law also provides for zero rating of services which are exported outside India.

The service tax paid on the services received can be used as set-off against the liability of service tax on provision of services. The benefit of set-off is also available on CENVAT which has been paid on inputs/capital goods used by the service provider.

### Central Sales Tax

India has both Central and State level indirect tax levies on sale or purchase of goods. Sale transactions which involve movement of goods within the same State are subject to levy of local State VAT, whereas sales which involve inter-State movement of goods are subject to CST in terms of the provisions of the Central Sales Tax Act, 1956.

The rate of CST is equivalent to the VAT rate prevailing in the State from where the movement of goods has commenced. There is a concessional rate of 2 percent (1 percent in a few states), if the buyer can issue a declaration in Form C subject to fulfillment of specified conditions.

CST paid by the buyer while procuring the goods is not available as set-off for payment against any liability and hence is a cost to the business.

## Research and Development Cess

R&D Cess is leviable at the rate of 5 percent on import of technology directly or through deputation of foreign technical personnel under a foreign collaboration.

Where the importer of the technology in India is liable for payment of service tax liability under the categories of Consulting Engineer's services or Intellectual Property Right services on the import of the technology then the R&D Cess paid is available as deduction from such service tax liability subject to fulfillment of specified conditions.

## Value Added Tax

VAT is applicable on sale of goods where the movement of goods takes place within the same State. Each State has different laws for levy of VAT and schedules of rates on various goods.

It is pertinent to note that the VAT paid to vendors for procurement of goods can be availed as input tax credit (set-off) against discharge of VAT or CST liability on sale of goods.

Certain VAT/CST incentives are available to units set up in specified backward areas of the States. Such incentives are in the nature of a concessional rate of VAT/CST or in the nature of remission/subsidy of the VAT/CST charged.

The VAT rate ranges from nil to 30 per cent across different States and also dependent upon the nature of the goods.

## Entry Tax

Entry tax is levied on the entry of specified goods into a State for use, consumption or sale therein.

The entry tax rates vary from State to State and are applicable only on specified goods. Certain States provide for a set-off of entry tax paid against the VAT payable on the sale of goods in such State.

## Local Body Tax

LBT (in lieu of Octroi) is levied on the entry of specified goods into a specified municipal limit/local areas for use, consumption or sale there. Presently, LBT is levied only in certain areas of the State of Maharashtra.

The LBT rates vary from nil to ten percent across municipal areas and are also dependent upon the nature of the goods. No set-off of LBT paid is available against any liability and hence is a cost to the business.

## Other Local Taxes

Besides the above mentioned taxes, there are certain local taxes applicable within specific areas of certain identified cities, towns, villages, etc., e.g. Agricultural Produce Market Cess and Mandi Tax, entertainment tax on entertainment activities, luxury tax on luxuries, etc.

Such taxes are generally levied on the removal of goods from the specified locations. No set-off of such taxes paid is available and hence such taxes would form part of the cost of procurement.

## Foreign Trade Policy

The FTP is outlined by the Ministry of Commerce and provides a broad policy framework for promoting exports and regulating imports into the country.

The FTP outlines various export promotion schemes for enterprises in designated areas such as Software Technology Parks and EOUs which enable them to procure raw materials free from customs duty/CENVAT.

The FTP also outlines various export promotion schemes providing benefits such as import of goods at nil or concessional customs duty rates if the goods manufactured/services provided using such imported goods are exported subject to fulfillment of prescribed export obligations. Such schemes among other things include:

- **Export Promotion Capital Goods Scheme**

Under the EPCG Scheme, capital goods (including second hand capital goods) can be imported at a concessional customs duty rate i.e. nil rate with the export obligation of six times the amount of duty saved over a period of six years.

- **Served From India Scheme**

Under the SFIS, service providers exporting their services are allowed to import goods without payment of customs duty against a SFIS issued to them. The value of SFIS issued is up to ten percent of the realisations from service exports in the current/previous financial year.

- **Duty Free Import Authorisation Scheme**

Under the DFIA Scheme, the raw materials can be imported without payment of customs duty, if the



goods manufactured using the imported raw materials are exported subject to fulfillment of specified conditions.

Goods and Service Tax

The Indian indirect tax system as enumerated above is complex and multi-layered with levies both at the Central and State levels. This results in a cascading effect of taxes, multiplicity of taxes, etc.

With a view to reducing the complexities and streamlining various indirect taxes at the Central and the State levels, an Empowered Committee has been set up to look into various aspects of integrating the multiple indirect taxes into a common GST.

As per the current discussions, India is proposing to implement a dual GST structure comprising of the CGST to be levied by the Centre and SGST to be levied by the States.

Integrated GST, which is a combination of CGST and SGST, would be applicable on all inter-State transactions of goods and services and would be levied by the Central Government. Inter-State stock transfers would be treated at par with inter-State sales for the levy of GST.

The salient features of GST are as follows:

- GST is a broad-based and single unified consumption tax on supply of goods and services;
- GST would be levied on the value addition at each stage of the supply chain;
- The taxable event for GST would be supply of goods and services and therefore, will no longer be manufacture or sale of goods;
- Full input credit of the taxes paid in the supply chain would be available. However, there would be no cross credit available between CGST and SGST;
- GST proposes to subsume the following taxes:
  - **Central taxes:** CENVAT, CST, CVD, SAD, service tax, surcharges, cesses, etc.
  - **State taxes:** VAT, entertainment tax, luxury tax, State cesses and surcharges, entry tax, etc.
  - Exports would be zero rated under GST.
- Basic Customs duty on imports would not be subsumed with GST and hence, the levy would continue;
- Five specified petroleum products viz crude Petroleum, diesel, petrol, aviation turbine fuel, and natural gas may be kept out of the ambit of GST;

The tax rate structure recommended by the Central Government is as follows:

Year	Lower Rate	Standard Rate	Services
Year 1	12%	20%	16%
Year 2	12%	18%	16%
Year 3	16%	16%	16%

The tax rates mentioned in the previous table are to be split equally between CGST and SGST rates. For example, the lower rate for goods in Year 1 will be CGST 6 per cent and SGST 6 per cent. Therefore, the total GST rate for Year 1 will be 12 per cent.

The GST implementation is actively under consideration and proposed to be introduced soon.

Implications of GST on business:

- Unified law for taxation of goods as well as services;
- Mechanism for eliminating cascading effect of taxes;
- Availability of credits across goods and services;
- Uniformity of Tax Laws, Rules and Procedures;
- Truly a destination based consumption tax;
- Creation of unified market- eliminates location factors;
- Requirement for PAN India registration and compliances for business, more particularly for service entities; and
- Levy of tax on stock transfers



## 3.4 Other Laws

### The Companies Act, 1956

Indian company law is predominantly modeled on English law. The Companies Act, 1956 governs the incorporation, operation, governance and closure of companies in India. The administration of the Company Law is under the Ministry of Corporate Affairs through the CLB and RoC. A National Company Law Tribunal has been proposed to be set up which is to take over the functions of the CLB.

#### Types of companies

The Companies Act provides for incorporation of different types of companies, the most popular ones engaged in commercial activities being private limited and public limited companies (liability of members being limited to the extent of their shareholding).

#### Private company

A private company is required to be incorporated with a minimum paid-up capital of \$ 1,838 and two subscribers. Broadly, the Companies Act:

- Restricts the company's right to transfer its shares
- Limits the number of the company's members (shareholders) to 50
- Prohibits any invitation to the public to subscribe for any of the company's shares or debentures
- Prohibits any invitation or acceptance of deposits from persons other than the company's members, directors or their relatives.

The balance sheet and profit and loss account of the company have to be filed with the RoC.

#### Public company

A public company is a company which is not a private company. A public company is required to be incorporated with a minimum paid-up capital of \$ 9,191 and seven subscribers.

A private company which is a subsidiary of another company which is not a private company shall be a public company.

The profit and loss account and balance sheet, along with the reports of the directors and auditors, of a public company are required to be filed with the RoC and are available for inspection by the public at large.

Listed public companies are additionally regulated by the SEBI and have listing agreements with the stock exchange on which they are listed.

A private company is a more popular form as it is less cumbersome to incorporate and also has less stringent reporting requirements. Usually, foreign corporations set up their subsidiary companies as private companies.

#### Incorporation of Company

A company is formed by registering the Memorandum and Articles of Association with the RoC of the State in which the main office is to be located. While the Memorandum specifies the objectives and purposes for which the company has been formed, the Articles lay down the rules and regulations for achieving those objectives and purposes. The RoC will give the certificate of incorporation after the required documents are presented along with the requisite registration fee, which is scaled according to the share capital of the company, as stated in its Memorandum.

#### Share capital

The issue of shares symbolises the payment of share capital in a company. The share capital is required to be stated in the company's MoA. The nominal or authorised share capital is the amount of capital stated in the MoA that the company is authorised to issue. The paid-up share capital is the amount of capital which is subscribed by the shareholders

#### Management

The Act lays down specific provisions with respect to managing the affairs of a company so as to protect the interest of its shareholders and investing public.

#### Directors

A public company is required to have a minimum of three directors and a private company is required to have a minimum of two directors. Directors are under a statutory duty to ensure that company's funds are used for legitimate business purposes.



## Wholetime/Managing Directors

Every public company with a paid-up share capital of \$ 919,286 must have a managing or whole time director or a manager. An approval from the Central Government (Department of Company Affairs) is required if the remuneration proposed to be paid to such wholetime/managing director is more than what is prescribed in Schedule XIII of the Act.

## Board meetings

Board meetings are required to be held every three months. The Board may delegate its powers to borrow, invest funds and make loans, up to certain specified limits, to the committee of directors or managing directors.

## Audit of accounts

Auditors of a company are appointed/re-appointed in the AGM of a company. Their tenure lasts till the conclusion of the next AGM. The company in a general meeting may remove auditors before the expiry of their term in office. Auditors are required to make a report to the members of the company in respect of the accounts (balance sheet, profit and loss account) examined by them at the end of each financial year.

## Winding up of companies

Under the Companies Act, winding up can be done in two ways, i.e. winding up by Tribunal and voluntary winding up.

## The Companies Act, 2013

In August 2013, the Companies Act, 1956 has been replaced by the Companies Act, 2013. The key changes are as follows:

- In relation to types of companies:
  - In the case of private companies, the Bill proposes to increase the upper limit on number of members from the existing limit of 50 to 200 and to remove the condition relating to non-acceptance of deposits from the public.
  - The Bill also proposes insertion of a new concept of 'One man company' having one shareholder and requiring a minimum of one director.
- It is proposed to make 'Corporate Social Responsibility' a mandatory requirement for companies earning \$ 919,286 or more or meeting specified turnover/net-worth criteria. Such companies will be required to spend at least 2 percent of its 3 years average profit for the general public/charitable purposes.
- With a view to improve public participation in governance of companies, the scope of voting through postal ballot, (i.e. obtaining shareholders approval through postal circulation without holding

a general body meeting) has been extended to cover even unlisted companies. In addition, e-voting, voting by internet, is also proposed to be introduced.

- The Bill also proposes a framework for auditors rotation. Under the Bill, it is proposed that the auditors will be appointed for a block of five years with yearly ratification at a general meeting, unless they resign or are removed by the general body of shareholders. It is further provided that auditor should be mandatorily rotated after conclusion of term of five year, and in the case of a firm, after conclusion of two terms of five years each. A cooling-off period of five years is provided for such auditor/firm to be eligible for reappointment, i.e. such auditor/firm can be reappointed only after completion of five years from such rotation.
- Under existing provisions a company is entitled to choose its accounting year, subject to an upper cap that no accounting year should be for a period exceeding 15 months, without approval of authority. The Bill proposes a uniform accounting year of all companies to be the financial year except in case of companies having foreign parents.

## Visa Regulations

### Business visa

- A business visa may be granted to a foreign national who desires to visit India to establish an industrial/business venture or to explore possibilities to set up an industrial/business venture in India;
- A business visa is issued from the country of origin or from the country of habitual domicile of the foreign national, provided the period of residence of the foreign national in that particular country is more than two years. If the period of permanent residence of the applicant in that particular country is less than two years, a business visa may be granted only after personal interview, review of documentation and prior clearance from the embassy/mission of the country where the foreign national has a permanent residence;
- The guidelines issued by the MHA, provides various illustrative scenarios under which business visas may be granted to the foreign nationals; and
- Business visa with multiple entry facility can be granted up to a maximum period of five years and in the case of US nationals up to a maximum period of ten years. Generally, a maximum stay stipulation of six months is prescribed for each business visit.

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Note: \$ 1 = ₹ 54.4 in FY 13



### Employment visa

- An employment visa may be granted to a highly skilled and/or a qualified foreign national who desires to come to India for employment. Employment visas are not granted for jobs for which large numbers of qualified Indians are available and for those jobs which are routine/ordinary/secretarial in nature;
- An employment visa may be granted to a foreign national only if his/her salary is in excess of \$ 25,000 per annum. However, this salary limit is not applicable to ethnic cooks, language (other than English) teachers/translators and staff working for a high commission/consulate in India. A foreign national who desires to come to India for honorary work (without salary) with a Non-Governmental Organisation may be granted an employment visa;
- An employment visa is issued from the country of origin or from the country of habitual domicile of the foreign national, provided the period of residence of the foreign national in that particular country is more than two years;
- The guidelines issued by the MHA provide various illustrative scenarios under which employment visas may be granted to foreign nationals;
- A change of employer is generally not permitted on an employment visa. However, the MHA has clarified that the change of employer by a foreign national in India may be permitted by the MHA in case where the transfer is between a parent company and its subsidiary or vice versa and between subsidiaries of a parent company. The definition of parent and subsidiary company will be taken as per the Indian Companies Act.
- Multiple entry employment visas may be granted for a maximum period of five years. The employment visa can be extended in India on a year to year basis beyond the initial visa validity period, up to a total period of five years from the date of issue of the initial employment visa.

### Entry (X) visa

- An entry (X) visa is granted to the spouse and dependents of a foreign national who desires to visit India or is already in India on any other type of visa, i.e. business, employment, etc.
- An entry (X) visa may also be granted to a foreign national of Indian origin and his/her spouse/dependents who desire to visit India for meeting relatives, holidays, sightseeing, etc.
- The validity of the entry (X) visa is co-terminus with the visa of the principal visa holder or a shorter duration but limited to five years from the date of initial issue.

- Foreign nationals holding entry (X) visas cannot accept any employment in India or undertake/engage in any business/economic activity in India.
- Conversion of the entry (X) visa of the spouse of the employee on an intra-company transfer to employment visa may be permitted in India with the prior approval of the MHA, Gol.

### Project visa

- The MHA, Gol, within the employment visa regime introduced a new visa regime known as Project visa which has initially been made applicable to the foreign nationals employed in the power and steel sector. The number of project visas that may be granted per power and steel project is subject to a ceiling.
- Project visas would be only issued to skilled/highly skilled foreign nationals and not to semi-skilled and unskilled foreign nationals. However, project visas may be granted to two chefs and two interpreters per project.
- Project visas can be extended in India only with the prior approval of MHA, Gol.
- Project visas would be project specific and would be restricted to the location of the project. A foreign national coming on a project visa is disqualified from taking up employment in the same Indian company for a period of two years from the date of commissioning of the project. However, the foreign national may be granted a non-extendable business visa to attend any emergent maintenance/commissioning issues in the Indian company.

### Conference visa

A conference visa may be granted to a foreign national who intends to visit India with the sole objective of attending a conference, seminar or workshop (event) and is of assured financial standing.

### Tourist visa

- A tourist visa is generally granted to a foreign national whose primary objective of visiting India is sightseeing, recreation, casual visit, etc., and does not involve any economic or business activity.
- The visa-on-arrival has been extended to citizens of 11 countries, namely Japan, Singapore, Finland, Luxembourg, New Zealand, Cambodia, Laos, Vietnam, the Philippines, Myanmar and Indonesia.

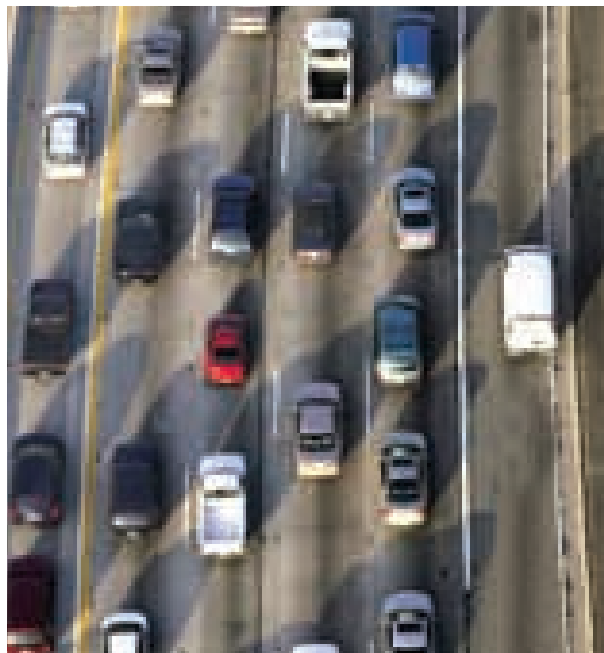
# 4. Sector profiles

## Automotive

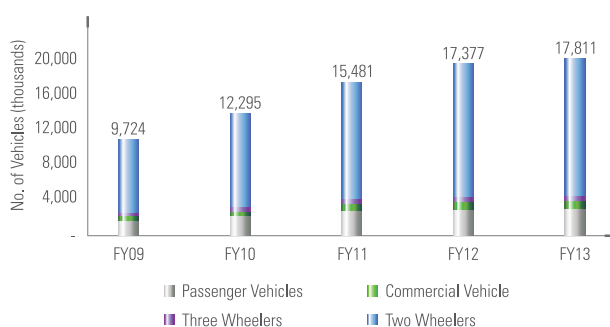


### Sector Overview

- The automobile sector, one of the major industrial sectors of India, is considered to be the 'sunrise' sector after liberalisation in the early 1990s.
- As of April 2013, India was the sixth-largest vehicle manufacturer worldwide.<sup>1</sup>
- The total production stood at 20.3 billion vehicles in FY 12. Of these, two wheelers, passenger vehicles, three wheelers and commercial vehicles accounted for 76.0 percent, 15.0 percent, 4.0 percent and 4.0 percent, respectively.<sup>2</sup>
- In FY 13, total domestic sales were 17.8 million vehicles growing at a CAGR of 16.3 percent during FY 09-13.
- Automobile exports increased by 25.4 percent to 2.9 million vehicles in FY 12.
- According to the Automotive Mission Plan 2006-16, it is estimated that the total turnover of the industry will be around \$ 122-159 billion by 2016.<sup>3</sup>

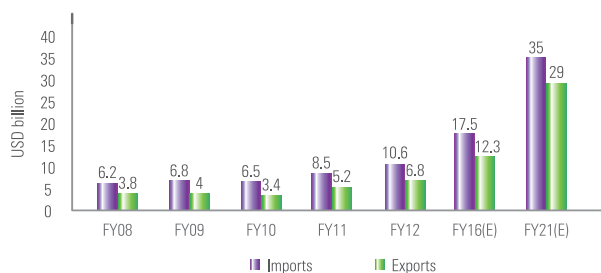


### Automobile domestic sales FY09 - FY13



Source: Auto Compass, India Equity Research by Edelweiss, April 2013, via ISI Emerging Market, accessed July 2013

### Auto component industry - imports and exports (\$ billion)



Source: Automotive Component Manufacturers Association of India website, accessed 26 April 2013, [http://www.acma.in/pdf/Status\\_Indian\\_Auto\\_Industry.pdf](http://www.acma.in/pdf/Status_Indian_Auto_Industry.pdf)

1. The EconomicTimes, 10 April 2013, [http://articles.economictimes.indiatimes.com/2013-04-10/news/38434145\\_1\\_big-cars-auto-industry-french-carmaker-peugeot-citroen](http://articles.economictimes.indiatimes.com/2013-04-10/news/38434145_1_big-cars-auto-industry-french-carmaker-peugeot-citroen)

2. SIAM, <http://www.siamindia.com/scripts/IndustryStatistics.aspx>, accessed on April 2013

3. "Automotive Mission Plan 2006-2016", <http://www.siamindia.com/upload/AMP.pdf>, accessed on April 2013

## Demand Drivers

- India's automotive sector is well-positioned for growth, where demand is driven by both domestic and global factors.
- A range of domestic factors, such as growing economy and disposable income, growing working age population, changing customer preference, easy availability of finance options and a shrinking replacement cycle are driving the growth in India.
- The GoI has taken steps to establish India as an auto-manufacturing hub. Some of these include automatic approval for foreign equity investment of up to 100 percent, no minimum investment criteria and tax rebates on R&D expenditure.
- The Indian auto component industry, driven by robust demand from OEMs and the growing replacement market, is poised to grow at a CAGR of 11 percent during FY 12-FY 21.<sup>4</sup>

## Key Trends

- From April 2000 to June 2013, the sector reported cumulative FDI equity inflows of \$ 8.8 billion, 4.0 percent of the total inflows during the same period.<sup>5</sup>
- The range of models operating in the Indian market has grown manifold, driven by the imperatives of customer demand, evolving emission, safety regulations and improvements in technology. The pace of new product introduction has also quickened.
- The number of CNG-operated vehicles increased at a CAGR of 28 percent during FY 11 - FY 14.<sup>6</sup> Furthermore, the plans to increase CNG distribution from 30 cities in 2009 to 250 cities by 2018 are expected to boost their growth.
- Many OEMs, such as Tata Motors, Honda, Hyundai, M&M and Maruti Suzuki, have a planned investment of approximately \$ 3.1 billion over the next three years in production and R&D.<sup>7</sup>
- The sector is expected to witness an improvement in its EBITDA margin and net profit in near future despite challenges, such as currency volatility, lower operating leverage and continuing competition.

- The sector is expected to witness an improvement in its EBITDA margin and net profit in near future despite challenges, such as currency volatility, lower operating leverage and continuing competition.<sup>8</sup>
- Innovation is expected to continue as a focus area for the Indian automobile companies especially in engine technology and alternative fuels. Tata Nano has opened up the potentially large ultra low-cost car segment.
- Many of the automobile manufacturers have started providing customised finance to customers through NBFCs — both captive as well as through association with third-party NBFCs. Many of the individual/corporate buyers also prefer to take cars on operating lease instead of buying them.

## Opportunities

- India has a vast untapped automotive market offering tremendous opportunities for foreign automotive companies. Illustratively, India has a vehicle penetration of just 11 cars and 32 two-wheelers per thousand persons. This along with a growing per capita income, growing middle class, rising urbanisation etc. offers immense opportunity.
- Low wages, proximity to many Asian markets and low shipment costs make India a sourcing hub and a manufacturing base for major OEMs.
- There are also many opportunities in energy efficient and environmentally friendly vehicles as the demand for these vehicles is rising in India due to rising fuel prices and environmental concerns.
- The rural market demand is expected to grow significantly due to an increase in disposable income. This provides an opportunity for players to increase their penetration levels.
- There is a huge potential for luxury cars. The market for luxury cars is estimated to increase at a CAGR of 25 percent during 2012-20 to reach 150,000 units by 2020. Within the luxury car segment, the demand for luxury SUVs and luxury sedans is growing even faster.<sup>9</sup>

4. "Auto Component Industry in India: Growing Capabilities & Strengths" ACMA, accessed on April 2013

5. DIPP

6. Indian Automobile Industry analysis, IBEF, March 2013

7. "[http://www.business-standard.com/article/companies/investments-worth-over-rs-14-000-cr-lined-up-in-auto-industry-113010100048\\_1.html](http://www.business-standard.com/article/companies/investments-worth-over-rs-14-000-cr-lined-up-in-auto-industry-113010100048_1.html)," Business Standard, 01 January 2013

8. "Indian Autos," HSBC Global Research, 10 October 2013, via Thomson Research

9. "Automobiles," IBEF, August 2013

Note: \$ 1 = ₹ 54.4 in FY 13





## Sector Overview<sup>1</sup>

- India's biotechnology sector is estimated to be worth \$ 5.9 billion in FY 13 and forecasted to reach \$ 11.6 billion by 2017.
- The bio-pharmaceutical sector accounts for a major portion of earnings within the sector-followed by bio-agriculture and other bio-services segments.
- Bio-industrial and bio-informatics are other important sub-segments within the biotech industry.
- The industry is expected to grow significantly to \$ 11.6 billion by 2017 at a CAGR of approximately 23 percent.

## Demand Drivers

- There is a strong growth in export demand for biotech products resulting in increased traction in the sector.
- Demand for bio-similars has given the much required thrust to the biotech sector.
- Increased healthcare expenditure due to rising disposable personal income is another driving factor for the industry.

## Key Trends

- Pharmaceutical companies have started focusing on the bio-pharma segment.
- A number of global biotech firms have set up base in India and have well-structured expansion plans in place. Lonza, the global leader in the production and support of pharmaceutical and biotech products, is planning to set up a manufacturing base in India at an investment of \$ 150 million in Hyderabad.<sup>2</sup>
- Increasing investments by MNCs reflect their renewed interest in the Indian market. The drugs and pharmaceuticals sector attracted FDI worth \$ 11.3 billion from April 2000 to June 2013.<sup>3</sup>

1. ABLE-Biospectrum industry survey, June 2011

2. Lonza- Company website

3. Fact sheet on FDI, DIPP

4. FICCI Analysis – Biotech sector, 2010

Note: \$ 1 = ₹ 54.4 for FY 13

## Opportunities

- The global bio-similars market is expected to grow to \$ 10 billion by 2015. India is in a good position to leverage this opportunity.<sup>4</sup>
- CRAMS in the field of biological products (vaccines, serums, and other biologically derived products) is likely to gain traction in the coming years and is likely to be a significant opportunity for Indian players.
- India offers a suitable population for clinical trials because of its diverse gene pool. Many global pharmaceutical companies have considered India for their clinical trials.
- India has the potential to become a major producer of transgenic rice and several GM or engineered vegetables.
- There is opportunity in functional genomics, proteomics and molecule design simulation.





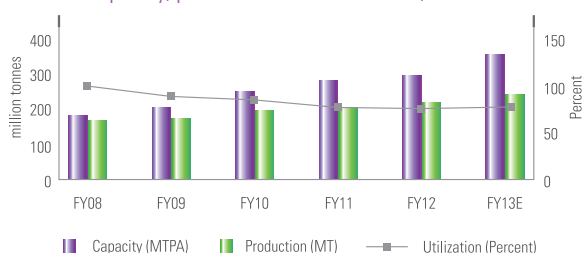
## Sector Overview

- After China, India is the second largest producer of cement globally with an installed capacity of more than 350 MT per annum.<sup>1</sup>
- The cement sector in India is highly regional due to high transportation costs and inherent features of the product.
- The sector comprises 167 large cement plants which constitute about 95 percent of the total installed capacity while the remainder is constituted by the mini-cement plants.
- The sector is divided into five geographical regions — South, North, East, West and Central. Each of these regions has a significant limestone cluster and acts as a major production centre of cement.
- The sector is expected to add about 80 MTPA of additional capacity in the next two years.
- The sector's production increased at a CAGR of 7.8 percent during FY 03-FY 13 to reach 236 MT in FY 13 of which 3 MT was exported.<sup>2</sup>

## Demand Drivers

- Increasing urbanisation, rising income levels, easy availability of credit and higher employment rates have contributed to the demand for housing which constitutes about 60 percent of the total cement consumption in India.
- Strong government thrust on infrastructure sector, which accounts for about 25 percent of the total consumption of cement, is expected to fuel the demand for cement.
- Improved demand for commercial real estate and rebound in tourism have also contributed to increased construction.

Trends in capacity, production and utilisation, FY 08-FY 13E



Source: Indian Cement Sector, Philip Capital, 29 January 2013, via Thomson Research/Investext, accessed 29 April 2013

- There has been an increased emphasis on establishing SEZs with about 119 new SEZs being notified.<sup>3</sup>

## Key Trends

- The cement sector received a FDI inflow of \$ 2.7 billion (or 1.3 percent of the total FDI inflow) from April 2000 to June 2013.<sup>4</sup>
- The national average cement prices rose from about \$ 3 per 50 kg bag in FY 05 to about \$ 5.5 per 50 kg bag in FY 13. In the near future, prices are expected to stabilise due to the stabilisation of coal and diesel prices (a major cost for cement producers), excessive supply (currently the demand lags supply by 100 MTPA) and sector focus on setting up captive thermal power plants to reduce energy costs.<sup>5</sup>
- The cement industry is using superior technology to produce eco-friendly cement by utilising solid waste. About 93 percent of the total cement industry is based on the modern dry process technology.

## Opportunities

- The infrastructure spending during the 12<sup>th</sup> Five Year Plan (2012-17) is expected to be \$ 1.02 trillion as compared to the \$ 514 billion planned during the 11<sup>th</sup> Five Year Plan (2007-2012).<sup>6</sup>
- There is a housing shortage of about 18.8 million units and 43.7 million units in urban and rural areas, respectively.
- Commercial real estate demand from the IT and ITeS sector, organised retailing, shopping malls, and multiplexes will increase with a growing population and present an opportunity for cement companies.

1. Indian Cement Sector, Philip Capital, 29 January 2013, via Thomson Research/Investext, accessed 29 April 2013

2. India Cement: EV/T metrics might be misleading when utilisations are expected to remain low; Earnings metrics more relevant, JP Morgan, 13 May 2013, via Thomson Research/Investext, accessed 15 July 2013; Indian Cement Sector, Philip Capital, 29 January 2013, via Thomson Research/Investext, accessed 29 April 2013

3. Exports from SEZs up 31 percent to ₹ 4.76 lakh crore in 2012-13, The Financial Express, 29 June 2013, via FACTIVA, accessed 16 July 2013

4. Fact Sheet on FDI, DIP, August 2013

5. Indian Cement Sector, Philip Capital, 29 January 2013, via Thomson Research/Investext, accessed 29 April 2013

6. Eleventh and Twelfth Five Year Plan, planning commission website, <http://planningcommission.nic.in/>, accessed 29 April 2013

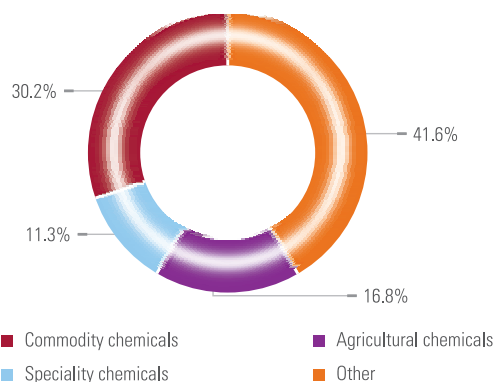
Note: \$ 1 = ₹ 44.9 for FY 05; \$ 1 = ₹ 54.4 for FY 13; \$ 1 = ₹ 45.4 for the 11<sup>th</sup> Five Year Plan; \$ 1 = ₹ 54.4 in FY 13 has been used for the 12<sup>th</sup> Five Year Plan



## Sector Overview

- The chemicals industry in India includes basic chemicals and chemical products, petrochemicals, agrochemicals, dyes, paints and varnishes, synthetic fibers and industrial gases.
- India's chemicals sector is estimated to be \$ 21.5 billion in FY 13. By FY 16, the overall chemical sector in India is expected to reach \$ 25.8 billion.<sup>1</sup>
- The industry grew at a CAGR of 5.4 percent during FY 09-FY 13.<sup>1</sup>
- In terms of volume of production of chemicals, India is positioned as the third-largest producer in Asia, next to China and Japan, and the 6<sup>th</sup> largest worldwide.<sup>1</sup>

### India's major import and export partners in chemicals sector, FY 13



Source for import-export partners: Chemical sector report by Dun & Bradstreet (D&B), July 2013 via ISI Emerging Markets, accessed July 2013

## Demand Drivers

- Supportive government policies and the domestic environment including 100 percent FDI under the automatic route, has supported the growth of the sector.<sup>2</sup>
- Rapid urbanisation leads to an increasing demand for construction chemicals (such as concrete admixtures) in India as well as globally.<sup>3</sup>
- Demand for specialty chemicals is expected to rise due to growing population and rapid industrialisation.<sup>4</sup>
- Manufacturing of most chemical products is de-licensed, except for hazardous chemicals and a few special drugs under the obligations as per international conventions.

## Key Trends

- Cumulative FDI inflow in the chemical industry from April 2000 to June 2013 was \$ 8.9 billion.<sup>5</sup>
- The total value of chemical imports to India in FY 13 was \$ 17.8 billion and exports during the same period reached \$ 11.9 billion with organic chemicals being the largest class of chemicals that is being traded.<sup>6</sup>
- Several chemical companies either have set up or are in the process of setting up global R&D centers in India to take advantage of the domestic market size of the chemical industry, the skilled workforce and engineering capabilities.<sup>7</sup>

## Opportunities

- To boost the sector, the government is setting up port-based chemical parks in existing and new SEZs to encourage clustering, provide infrastructure and enable tax concessions.<sup>8</sup>
- An increasing demand for chemicals in the domestic and foreign markets provides several growth opportunities for the industry which is possible through investment in R&D to develop new and eco-friendly innovations in this sector.<sup>9</sup>
- The increasing demand-supply gap in the urea production is expected to provide fertilizer companies an opportunity to boost their production and meet the surplus demand. By FY 15, the demand and supply are expected to be 31.4 million tonnes and 24.6 MT, respectively.<sup>9</sup>

1. Chemical sector D&B, July 2013 via ISI Emerging Markets  
 2. Draft national chemical policy 2012, [http://chemicals.nic.in/DNCP\\_2012.pdf](http://chemicals.nic.in/DNCP_2012.pdf)  
 3. Chemical Industry Snapshot," FRPT research, ISI Emerging markets, accessed April 2013  
 4. Indian Chemical Industry – 2012," Gyan Research, ISI Emerging markets, accessed April 2013  
 5. Factsheet on FDI, From April 2000 to June 2013, DIPP, Ministry of Commerce and Industry, GoI  
 6. Chemical sector, D&B, July 2013 via ISI Emerging Markets  
 7. Draft national chemical policy 2012, [http://chemicals.nic.in/DNCP\\_2012.pdf](http://chemicals.nic.in/DNCP_2012.pdf)  
 8. Invest India: Chemicals, <http://www.investindia.gov.in/?q=chemicals-sector>  
 9. Indian Chemical Industry – 2012," Gyan Research, ISI Emerging markets, accessed April 2013  
 10. Commodity chemicals industry report," Firstcall Research, via Thomson Research, accessed on 15 July 2013  
 Note: \$ 1 = ₹ 54.4 for FY 13

- The growing construction/infrastructure industry has led to a rise in demand for construction chemicals.
- Increased use of plastic in packaging, construction and automobiles and replacement of metal and glass.
- The government is continuously reducing the list of reserved chemical items for production in the small scale sector, thereby facilitating greater investment in technology up-gradation and modernisation.<sup>10</sup>

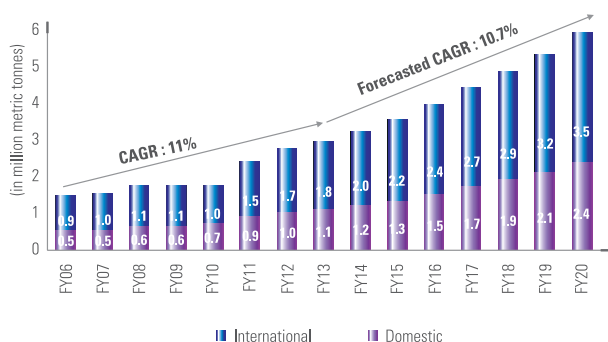




## Sector Overview

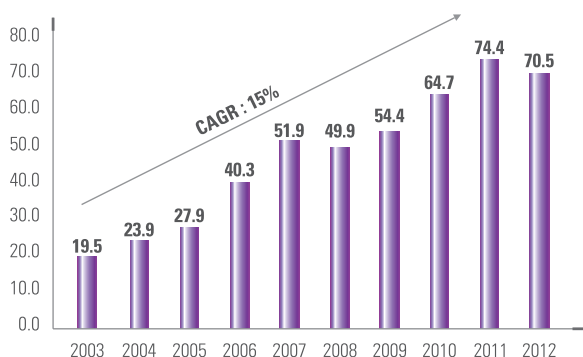
Air cargo serves as a vital link between domestic and international markets. While the total volume of air cargo traffic currently constitutes about 1 percent of total trade, it accounts for close to 29 percent of total trade value.

### Air cargo throughput for all Indian airports



Source: Airport Authority of India, Ministry of Civil Aviation, KPMG in India analysis

### Passenger traffic



Source: World Bank

## Demand Drivers

- Rising local demand, improved international connectivity and resulting consolidation activity, as well as an expanding cargo-handling infrastructure are the key drivers of increased freight handling at Tier-II airports.
- Cargo-related congestion at several airports could result in increased investments at dedicated air cargo terminals.

## Key Trends

- From April 2000 to June 2013, the total FDI in air transport, including air freight, was \$ 456.8 million, representing 0.23 percent of the total FDI investment in India during this period.<sup>1</sup>
- With the privatisation of the airports, the percentage contribution of private investments for the development of airport infrastructure has multiplied 2.2 times, from 34.4 percent (\$ 5.1 billion) during the 10<sup>th</sup> Five Year Plan to 74.1 percent (\$ 9.2 billion) during the 12<sup>th</sup> Five Year Plan.<sup>1</sup>
- Against a CAGR of 10.5 percent at metropolitan (Tier-I) hubs between 2006 and 2011 — when volumes increased from 1.3 MMT to 2.1 MMT — the Tier-II (non-metropolitan) hubs witnessed increased growth of 14.5 percent during the same period, with volumes increasing from 0.13 MMT to 0.26 MMT.
- Investment in airport infrastructure has grown substantially. For instance investment in the 11<sup>th</sup> Five Year Plan, witnessed a rise of 424 percent over the 10<sup>th</sup> Five Year Plan. Similarly the 12<sup>th</sup> Five Year Plan outlines an increase of 86 percent over the 11<sup>th</sup> Five Year Plan allocation.<sup>2</sup>

## Opportunities

- Increased trade activity, especially that of physical goods, between India and the Asia-Pacific region and the relocation of trade epicenters to China, Southeast Asia and Africa could open up new opportunities for air cargo in India.
- The demand for time-definite service, which is best guaranteed by air, is expected to rise.
- PPP based Greenfield/Brownfield projects related to development and management of airports and related infrastructure offer attractive opportunities. The overall growing market will create opportunities in MRO, ground handling, airport modernisation, air traffic management solutions, etc.
- The currently implemented policy guidelines on allowing foreign carriers to take equity in Indian airlines would open up a plethora of investment opportunities.

1. DIPP

2. Logistics Game Changer, KPMG in India

Note: \$ 1 = ₹ 46.1 for 10<sup>th</sup> Five Year Plan;

\$ 1 = ₹ 54.4 in FY 13 used for 12<sup>th</sup> Five Year Plan



## Sector Overview

- With nine DPSUs, 39 ordnance factories and an employee base of about 180,000 people, India figures among the world's largest producers of defence-related products.<sup>1</sup>
- India is ranked as the world's largest arms importer. By 2014, the country is expected to become the third-largest defence spender in the world, after the USA and China.<sup>1</sup>
- The anticipated demand upsurge has been attracting several foreign and Indian OEMs.<sup>2</sup>
- Russia, Israel, the UK and the USA have been the prime investors in the Indian defence sector.<sup>3</sup>

## Demand Drivers

- There have been a number of modernisation initiatives taken by Government, which include
  - Government modernisation initiatives, which include Approval for the DAC to modernise Indian armed forces over the next 15 years, beginning in April 2012.<sup>4</sup>
  - Orders worth \$ 18.4 billion are expected to be placed during the 12<sup>th</sup> Five Year Plan<sup>5</sup>
- Replacement of the ageing military systems and equipment acquired during the Soviet era.<sup>6</sup>
- Offsets Policy, introduced in 2005 as a policy to promote the indigenisation of the Indian defence industry, presents an opportunity to build a defence manufacturing base in India.<sup>3</sup>

## Key Trends

- The cumulative FDI inflow in the defence industry from April 2000 to June 2013 was \$ 4.9 million.<sup>7</sup>
- The revised defence expenditure in FY 12 was \$ 35.5 billion and the budget estimates for FY 13 expenditure is \$ 34.9 billion with \$ 2 billion expected to be spent on Defence R&D.<sup>8</sup>
- India is expected to emerge as a global defence sourcing base as both foreign and domestic players collaborate for the development of joint manufacturing and sourcing capabilities by leveraging India's technological and low-cost manufacturing strengths.
- Increased corporate sector involvement in defence-related manufacturing:
  - More than 6,000 SMEs supply components and sub-assemblies to the DPSUs, ordnance factories and the DRDO.<sup>9</sup>

## Opportunities

- Anticipated rise in the Indian defence sector spending:
  - In 2013, the Ministry of Defence's annual budget was raised by 14.1 percent to reach \$ 36.8 billion, to enable the execution of a major modernisation drive and new procurement.<sup>10</sup>
  - The number of military aircraft and helicopters are expected to be doubled as a result of new acquisitions during the 12<sup>th</sup> and 13<sup>th</sup> Five Year Plan period.<sup>11</sup>
- In order to compete for the manufacture of medium transport aircraft, the Indian Air Force is trying to promote collaboration in a consortium of domestic firms.<sup>12</sup>



1. Creating a Vibrant Domestic Manufacturing Sector, March 2012
2. The Indian Defence Industry — Market Opportunities, Entry Strategies, Analyses, and Forecasts to 2016, November 2011
3. Indian defence industry and defence offset, February 2013
4. India's Military Modernisation Up To 2027 Gets Approval," Defence Now,
5. Defence sector plans big ticket modernisation," DNA, 18 October 2012
6. The Indian Defence Industry- Market Opportunities, Entry Strategies, Analyses, and Forecasts to 2016, November 2011
7. Factsheet on FDI, From April 2000 to June 2013, Ministry of Commerce and Industry, GoI
8. Ministry of Defence website, accessed on July 2013,
9. Creating a Vibrant Domestic Defence Manufacturing Sector, March 2012
10. Union Budget 2013: Government hikes Defence allocation," Times of India, 28 February 2013
11. Perspective plan, Hindustan Aeronautics Ltd.
12. Market Insight: Indian Defence- The Lucrative Air Platforms Market: MMRCA in Focus, 2012

Note: \$ 1 = ₹ 47.9 in FY 12; \$ 1 = ₹ 54.4 in FY 13



## Sector Overview

- The Indian Education sector is estimated to grow at a CAGR of 12 percent to \$ 80 billion by 2015.
- As a mark of policy shift, government appropriation for higher education increased by 155.6 percent from \$ 1,775.4 billion in the 11<sup>th</sup> Five Year Plan to \$ 4,537.3 billion in the 12<sup>th</sup> Five Year Plan.
- The number of universities and university-level institutions and colleges has increased from 20 and 500 in 1947 to 690 and 35,539, in FY 12, respectively.
- According to the Economic Survey 2012-13, the share of expenditure on education among social services has increased from 43.9 percent in FY 08 to 46.6 percent in FY 13. Furthermore, expenditure on education as a proportion of the GDP has increased from 2.6 percent in FY 08 to 3.3 percent in FY 13.
- The GoI plans to skill 50 million people in the 12<sup>th</sup> Five Year Plan.

## Demand Drivers

- A significant increase in the young population is expected to boost the demand for education services in India. The median age in India will be 29 as compared to 37 years for China and the USA, 45 years for Western Europe and 48 years for Japan by 2020<sup>1</sup>.
- The country needs an additional 1,000 universities and 50,000 colleges in the next decade to accommodate 50 million college-ready students.
- The GoI allocated \$ 183.8 million to the NSDC to skill 9 million in FY14 out of a total of 50 million in the 12<sup>th</sup> Five Year Plan. With growing demand in vocational education, international vocational skills education providers are also exploring opportunities through PPPs and collaborations with Indian companies.

- According to the 66<sup>th</sup> NSSO survey on spending patterns in Indian households, spending on education increased by as much as 378 percent in rural areas and 345 percent in urban areas between 1999 and 2009.
- The Right to Education Act and Foreign Education Bill (after it is passed, is expected to facilitate opening up of foreign institutions in India) act as strong demand drivers.

## Key Trends

- There is a pragmatic shift in approach with an emphasis on facilitating vocational courses' exposure to students.
- The NSDC's growing role in fostering vocational education, a first of its kind venture with a PPP, focuses on fostering the skill development sector and funding. NSDC is targeting the contribution of 30 percent to the overall target of training 500 million people by 2022. It has identified 21 sectors so far to set up sector skill councils along with its 70 partners.
- The government is emphasising private sector participation to improve schooling standards.
- There is a growing K-12 and pre-school segment within the private sector that is capitalising on the middle income group's rise.



1. <http://www.standardchartered.com/en/resources/global-en/pdf/press-releases/india-expected-to-emerge-as-a-winner-in-the-third-global-super-cycle.pdf>

Note: \$1 = ₹ 45.4 for 11<sup>th</sup> Five Year Plan; \$1 = ₹ 54.4 in FY 13 used for 12<sup>th</sup> Five Year Plan

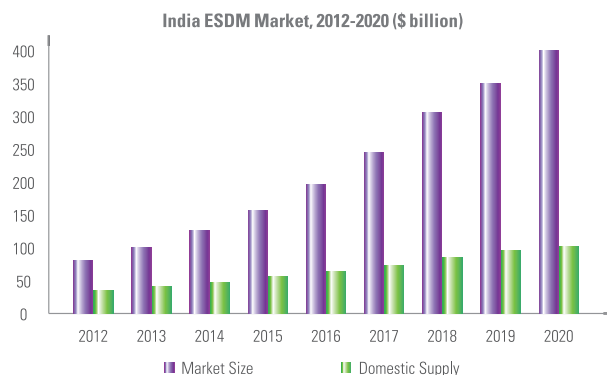




## Sector Overview

- Over the past two decades, demand for high technology products in India, specifically electronic products has registered significant growth.
- The Indian electronics market was estimated at \$ 80 billion in FY 12, and is estimated to reach \$ 400 billion by 2020.<sup>1</sup>
- The share of electronics production in India's GDP has grown from 1.6 percent in 2001-02 to 1.95 percent in 2009-10.<sup>2</sup>
- Despite high growth in the ESDM industry, demand has outpaced supply. The estimated production will reach \$ 104 billion by the year 2020, creating a gap of \$ 296 billion in demand and production.<sup>2</sup>
- This creates a unique opportunity for companies in the ESDM sector to look at India as their next destination to cater to domestic Indian demand as well as act as an exports hub.

## India Electronic System Design & Manufacturing market size and domestic supply



Source: Ministry of IT, Gol, accessed 9 May 2013, <http://deity.gov.in/esdm>

## Demand Drivers

- A burgeoning middle class with an increasing disposable income is driving the demand for electronic products, ranging from laptops to tablets.

- The innovation cycle for electronic products is rapidly decreasing, with manufacturers releasing new versions of their products within 12-18 months, as opposed to the 24-36 months of a few years back.<sup>2</sup>
- An increase in automation demands from the corporate sector has also contributed to an increased requirement for building electronics.<sup>2</sup>
- The GOI's focus on e-governance has led to a growing demand for computing hardware.<sup>3</sup>

## Key Trends

- The semiconductor design market has the potential to reach \$ 58 billion by FY 20 from \$ 7 billion in FY 09. Over the past year, there has been emphasis on setting up semiconductor fabrication units in India.<sup>4</sup>
- Growing imports from China and Taiwan are dominating the consumer electronics segment. Additionally, nearly all computing hardware is imported from Asia and the USA.

## Opportunities

- Low wages, the proximity to many Asian markets and low shipment costs make India a sourcing hub and a manufacturing base for leading electronics players.<sup>4</sup>
- The rural market demand is expected to grow significantly due to an increase in disposable income. This provides an opportunity for players to increase their penetration levels.
- Strong consumer demand for white goods and automobiles is also driving demand for electronic components.
- Emergence of network-centric warfare that depends on electronics is driving demand for electronics from the armed forces. With the India defence budget expected to reach \$ 50 billion by 2015, foreign ESDM players will find this an attractive market.
- The GOI is implementing a new regulation that would make it mandatory for all government institutions to use India-based manufacturers for at least 25 percent of their hardware spending. Rising demand in India presents huge opportunities for foreign players to set up a presence here.

1. Ministry of IT, Gol, accessed 9 May 2013, <http://deity.gov.in/esdm>

2. National Policy on Electronics 2012," Ministry of IT, Gol, [http://deity.gov.in/sites/upload\\_files/dit/files/NPE\\_Notification.pdf](http://deity.gov.in/sites/upload_files/dit/files/NPE_Notification.pdf)

3. National e-governance plan," Ministry of Information Technology, Gol, accessed May 9, 2013, [http://deity.gov.in/sites/upload\\_files/dit/files/Framework%20for%20Citizen%20Engagement%20in%20NeGP.pdf](http://deity.gov.in/sites/upload_files/dit/files/Framework%20for%20Citizen%20Engagement%20in%20NeGP.pdf)

Note: \$1 = ₹ 45.9 in FY 09; \$1 = ₹ 47.9 in FY 12; \$1 = ₹ 54.4 in FY 13





## Sector Overview

- India's food processing sector is estimated to reach \$ 64.3 billion in FY 13, growing at the rate of 6.7 percent y-o-y.<sup>1</sup>

## Demand Drivers

- Increasing disposable income, urbanisation and a growing awareness of ingredients are driving growth in the packaged food market, leading to the increased consumption of items such as functional foods.
- Per capita consumption and spending on 'higher order' food items such as meat, fruits and vegetables have been growing.<sup>2</sup>
- Organised retail is expected to grow at a CAGR of 26.4 percent during 2011-16<sup>3</sup>, and is likely to continue to benefit the sector by:
  - Improving the supply chain infrastructure at the backend.
  - Improving off-takes of food through improved visibility, activations and merchandising at the front end.

## Key Trends

- The cumulative FDI inflow in the food processing industry from April 2000 to June 2013 was \$ 1.9 billion.<sup>4</sup>
- Companies involved in food processing and manufacturing are increasingly moving up the value chain, while retailers are establishing linkages with food processors. This integration is likely to lead to improved food quality and supply chain efficiency.
- An increasing contribution from India's private sector (to around 80 percent of the investments in the agriculture from around 50 percent in FY 81) has led to significant improvements on several fronts, such as irrigation techniques and hybrid seeds.

1. "India food processing report," Dun and Bradstreet, October 2012

2. "First Revised Estimates of National Income, consumption expenditure, saving and capital formation, 2011-12"; Government Press Release; January 2013

3. Factsheet on Foreign Direct Investment, From April 2000 to June 2013, DIPP, Ministry of Commerce and Industry, Govt

4. [http://www.apeda.gov.in/apedawebsite/six\\_head\\_product/PFV\\_OPF.htm](http://www.apeda.gov.in/apedawebsite/six_head_product/PFV_OPF.htm)

Note: \$1 = ₹ 54.4 in FY 13

## Opportunities

- India's exports of processed foods stood at \$ 7.6 billion in FY 13.<sup>5</sup>
- Approval of FDI in multi-brand retail is likely to bring in investments in the sector, resulting in efficiency in the existing supply chain and marketing channels of agro-products. This could lead to improved competitiveness in the food processing sector.
- The Government's budget outlay for the sector under the 12<sup>th</sup> Five Year Plan is \$ 3.2 billion with focus on infrastructure development. It is more than three times the budget allocation in the 11<sup>th</sup> Five Year Plan.





## Sector Overview

- The Indian Gems and Jewellery market is highly fragmented across the value chain. There are an estimated 250,000 small and large shops, 28,000 processing units, 6,000 offices and 3.4 million workers in the industry.<sup>1</sup>
- The size of the Gems and Jewellery industry, which includes both domestic and export trades, stood at \$ 89.7 billion in 2012.<sup>1</sup>
- The industry is heavily dependent on imports and exports, and is thus prone to foreign exchange risks.

## Demand Drivers

- Gold and diamond jewellery holds significant historical and religious importance in India and is thus an intrinsic part of Indian culture. India is the biggest consumer of gold jewellery. The demand for gold and diamond jewellery is primarily driven by weddings and festivals.<sup>2</sup>
- India has witnessed an upsurge in the number of working women over the past few years. This has resulted in an increase in the purchasing power of working women, which in turn is driving demand for jewellery.
- Aggressive marketing and promotion by major diamond retailers in the organised sector has increased the awareness for diamonds in the Indian market.
- Lower cost of production, driven by a pool of cheap and highly skilled labour, drives export demands in the sector.
- Favourable Government policies and the advent of financing schemes for consumers are further driving the demand in the sector.

## Key Trends

- Branded jewellery is gaining traction with the emergence of large players in the Indian market.
- With a share of close to 60 percent, India dominates the world in the diamond polishing and cutting business.
- Exports of gems and jewellery from India have grown at a CAGR of 15.34 percent during the period FY 02–FY 13.<sup>3</sup> In FY 13, the sector recorded exports of \$ 39.1 billion.<sup>4</sup>

## Opportunities

- Rapid development of modern retail spaces in Tier-II and Tier-III cities offer a great opportunity to branded jewellery players to expand their footprint beyond the metropolitan areas.
- Indian retailers are collaborating with international brands to offer a broader product portfolio and innovative designs to their customers.
- In addition, jewellers are collaborating with fashion designers to introduce an element of uniqueness and exclusivity to otherwise traditional Indian jewellery.
- The Government has set up SEZs and jewellery parks to promote investment in the sector.



1. "All That Glitters Is Gold In Gems And Jewelry", CRN, 4 April 2013

2. "Global Demand Trends Full year 2012", World Gold Council, February 2013

3. "Exports of Gems and Jewellery during April 2012 - March 2013", April 2013, Gems and Jewellery Export Promotion Council

4. "Exports of Gems and Jewellery during FY13", April 2013, Gems and Jewellery Export Promotion Council

Note: \$ 1 = ₹ 47.9 in FY 12; \$ 1 = ₹ 54.4 in FY 13



## Sector Overview

- The Indian healthcare industry, which comprises hospitals, medical infrastructure, medical devices, clinical trials, outsourcing, telemedicine, health insurance and medical equipment is estimated to be worth \$ 90.1 billion by 2013 and is expected to be \$ 280 billion in 2020.<sup>1</sup>
- Overall healthcare spending in India is estimated at \$ 103 billion, with the private sector accounting for 68 percent of overall healthcare spending.<sup>2</sup>

## Demand Drivers

- India's large growing and ageing population is a major driver for demand in the healthcare sector. The percent of the population aged 65 and over will increase from 4.3 percent to 6.3 percent from 2000 to 2020.<sup>3</sup>
- An increasing awareness among the population with respect to healthcare is another driver, owing to the increasing media penetration.
- With changing demographics and lifestyle patterns, the chronic segments, such as cardiovascular, anti-diabetic, neurology and psychiatry, have been growing at a faster pace than acute segments. These diseases require long-term treatment and management.
- The Government's increased funding and impetus to PPPs is creating the much required environment for healthcare to thrive in India.

## Key Trends

- With an existing 40 percent CAGR, the medical tourism sector in India could rise to \$ 2.4 billion by 2015. India currently serves more than 850,000 foreign patients every year.<sup>4</sup>
- The Indian health insurance market represents one of the fastest growing and second largest non-life insurance segments in the country and is expected to grow at a CAGR of over 25 percent during the time period FY 10-FY 14. This would also fuel consolidation in the sector.

- The healthcare sector has witnessed the increased interest of PEQ investors.

## Opportunities

- The Government is increasingly focusing on Universal Health Coverage. This translates into increased funding and more incentives for private players in the country.
- With the thrust being on PPP models, private players may find a number of opportunities to invest in state initiatives. Various hospitals have collaborated with their respective State Governments in the areas of telemedicine and emergency care.
- In the last few years, innovative models of delivery such as day-care centers, single specialty chains, telemedicine, ayurvedic and wellness care have emerged to address issues of accessibility, affordability and assurance on quality of care. These light asset models have not only lured PEQ investors but have been proven to be scalable and feasible.



1. <http://www.ibef.org/industry/healthcare-india.aspx>

2. EIU – Healthcare, November 2011

3. Crisil Research, November 2011

4. BMI Research, KPMG Analysis

Note: \$1 = ₹ 54.4 in FY 13



## Sector Overview

- The last two decades have witnessed the insurance sector evolve from a public sector monopoly to one characterised by the entry of many private and foreign players.
- The sector is regulated by the IRDA.
- Although private sector players have increased their market share, public sector players still dominate.
- As at February 2013, there were 24 life insurance companies, 27 non-life insurance companies and one reinsurance company (General Reinsurance Corporation of India) operating in India.
- The life insurance sector's first year premium increased at a CAGR of 19.1 percent from \$ 4.1 billion in FY 04 to \$ 19.7 billion in FY 13.
- The non-life insurance sector witnessed a steady growth with its gross written premiums increasing at a CAGR of 16.0 percent from \$ 3.4 billion in FY 04 to \$ 12.7 billion in FY 13.

## Demand Drivers

- Growing middle class and increasing working population, rising household savings, increasing purchasing power and increasing financial literacy.
- Low insurance penetration.
- Awareness of personal financial security, under-penetrated market, increasing product understanding and segment based product development.
- Increasing demand for better healthcare, fast progress in medical technology, launch of new innovative products and the emergence of new distribution channels.
- Export of software, petroleum products, chemical and textile goods have created opportunities for marine cargo and aviation insurance.

## Key Trends

- Major foreign insurers and domestic players have entered the Indian life insurance market to capitalise on the opportunities. Most domestic private players operate as a joint venture with foreign insurers.

- Besides agency workforce, players have employed a variety of distribution channels, such as bancassurance, direct selling agents, brokers and online distribution, to increase market penetration.
- Though regulatory changes had an impact on the commission and expense structure of some distributors, resulting in a slowdown, it helped protect investors' interests and ensure long-term growth of the sector.

## Opportunities

- The foreign equity cap is proposed to be raised to 49 percent as provided in the Insurance Laws (Amendment) Bill, 2008 against 26 percent currently, estimated to result in additional investment of \$ 5.5 billion over the next five years by foreign joint venture partners. This will facilitate growth of distribution business and strengthen the risk framework.
- IRDA is in the process of finalising norms for IPOs for insurance companies, which could be a milestone in the future growth of the sector.
- The insurance industry is all set to see some level of consolidation. New rules from IRDA on M&A will be paramount in shaping the future of the industry.
- Low penetration ratios present a huge opportunity for foreign insurers to increase business in India.



Note: \$ 1 = ₹ 45.9 in FY 04; \$ 1 = ₹ 54.4 in FY 13



## Sector Overview

- The Indian IT-BPO industry is estimated to reach revenues of \$ 108 billion in FY 13, with the IT software and services sector (excluding hardware) accounting for \$ 95 billion of the revenues.
- The sector provides direct employment to nearly three million people, while indirect job creation is estimated at 9.5 million.
- As a proportion of national GDP, the sector's revenues have grown from 1.2 percent in FY 98 to nearly 8 percent in FY 13.
- The IT services segment reached export revenues of \$ 43.9 billion; the BPO sector reached revenues of \$ 17.8 billion with the rest of the industry accounting for \$ 14.1 billion in revenues.

## Demand Drivers

- The continuing global economic recovery has boosted demand for IT-BPO services. The global sourcing market also grew to \$ 124-130 billion, a growth of 9 percent over 2011.
- The Gol has emerged as a key adopter of IT-BPO services over the past couple of years. Indian businesses have also ramped up their investments in the sector.
- Emerging verticals such as Healthcare, Utilities, Government, and Retail are showing an increase in IT budgets as well as the percentage of work outsourced.

## Key Trends

- New technology trends like cloud, social media and mobility are driving the next wave of innovation in the IT-BPO sector. They have also led to new opportunities for service providers.
- The IT-BPO sector has been consistently attracting FDI since the economic reforms of 1991. During the period 2007-12, the sector accounted for an FDI of \$ 5.12 billion.
- Export revenues (excluding hardware) are estimated to gross \$ 75.8 billion in FY 13, growing by 10.2 percent over FY 12. Its share of total Indian exports (merchandise plus services) increased from less than 4 percent in FY 98 to about 23-25 percent in FY 13.

## Opportunities

- The Gol planned outlay for the IT sector has reached \$ 5 billion for FY 13. Investments in the 'Aadhaar' project, modernisation of the Department of Posts and other key projects are expected to drive demand for IT.
- The Gol's recent move to promote the semiconductor industry, including incentives for the wafer fab manufacturing facilities, is expected to boost investment in this key area.
- India's largest IT firms have large expansion plans over the next couple of years. These include opening new delivery centres and investing in key technologies.
- For US and Europe based companies looking to optimise costs, India provides multiple opportunities in the Shared Services space.
- The advent of cloud computing and mobility has increased the opportunities for product development in the country, primarily in the form of mobile apps.
- Increased spending on education and healthcare during the next 5 Year Plan is also expected to drive IT spending, thus providing attractive opportunities for IT-BPO vendors.

Indian IT-BPO sector overview



Source: The IT-BPM Sector in India - Strategic Review 2013," NASSCOM, accessed 28 April 2013



## Sector Overview

- The Indian M&E industry is estimated to grow by 11.8 percent year-on-year in 2013 to \$ 16.9 billion<sup>1</sup> and further grow at a CAGR of 15.2 percent to reach \$ 30.5 billion by 2017.<sup>2</sup>
  - The Television continues to be the dominant segment and estimated to witness 13.4 percent year-on-year growth by 2013 to reach \$ 7.7 billion
  - The Films sector is estimated to grow by 8.9 percent to reach \$ 2.3 billion by 2013
  - The Music sector is estimated to witness a 9.4 percent increase in 2013
  - The Radio sector is expected to grow at a CAGR of 18 percent over the period 2012-2017.2
  - Strong growth has been observed in new media sectors, animation/ visual effects

## Demand Drivers<sup>2</sup>

- There is a growing overseas demand for quality Indian animation/visual effects work at an affordable price.
- With digitisation likely to provide greater clarity in terms of TRPs, VoD services, and a greater number of movie channels, the demand for all genres of films on cable and satellite platforms is expected to increase.
- Niche content, such as lifestyle videos, educational videos and classic series, continues to grow in the home video segment.

## Key Trends<sup>2</sup>

- With better access and through cheaper and smarter devices, audiences (especially youth) are consuming more content and are becoming increasingly engaged. Going forward, improved uptake of 3G connections and the beginnings of the 4G rollout are expected to spur further growth.
- Although new media co-exists as an additional and growing distribution platform, India still remains a growth market for 'traditional' media.

- The digitisation of distribution infrastructure in TV is also expected to improve broadcast economics.
- Key media players (TV and films primarily) are focusing on selectively expanding their presence in regional markets that are witnessing higher rates of advertising revenue growth.
- Anticipated regulatory developments in 2013, such as the continued cable DAS rollout, Phase 3 licensing for Radio, and 4G rollout, are expected to spur growth in the medium term.

## Opportunities

- Relaxed FDI limit in Direct to home, teleports and cable networks (Multiple Systems Operators and upgrading networks) to 74 percent is likely to support ongoing digitisation activities.
- Increased consumption of music/radio/video on-the-go via mobiles and in cars provides opportunities for real time mobile and location-based advertising.
- Indian channels have also been aggressively increasing their presence across international markets, especially in the Middle East and Africa. General entertainment channels like Zee TV, SET, Star Plus and Colors are available in approximately 169, 77, 70 and 50 countries, respectively.
- Cable digitisation is expected to create significant opportunities for content providers, such as existing channels investing in content, and upgrading content quality. Digitisation could also provide an opportunity for subscription-based niche content leading to additional revenue gains.
- The rise of regional channels has also given a boost to the regional industry as it presents more opportunities for cable and satellite monetisation.
- Proliferation of 3G connections, advent of 4G technology, increasing affordability of smarter devices and growing internet penetration are driving digital consumption of content.

1. KPMG in India Analysis and industry discussions

2. FICCI-KPMG Indian Media and Entertainment Industry Report 2013, The Power of a Billion: Realising the Indian Dream, <http://www.kpmg.com/in/en/issuesandinsights/articlespublications/pages/ficci-13.aspx>, accessed on April 26, 2013

Note: \$ 1 = ₹ 45.6 in FY 11; \$1 = ₹ 47.9 in FY 12; \$1 = ₹ 54.4 in FY 13 used for 2017 figures



### Sector Overview

- India produces 89 minerals, which include four fuel, ten metallic, 48 non-metallic, three atomic and 24 minor minerals (including building and other materials).<sup>1</sup>
- The mining sector accounts for around 2.2 percent of India's GDP.<sup>2</sup>
- The total value of mineral production including minor minerals but excluding atomic minerals in FY 12 and FY 13 was about \$ 49.0 billion and \$ 43.1 billion, respectively.<sup>3</sup>
- The value of minerals and ores exported during FY 12 was \$ 36.6 billion and the value of minerals and ores imported during FY 12 was \$ 197 billion.<sup>3</sup>

### Demand Drivers

- For the 12<sup>th</sup> Five Year Plan, the GoI expects an investment of \$ 1,000 billion in the infrastructure sector (such as roads and bridges) which would drive the demand for minerals such as iron ore.
- The GoI has huge plans for coal-based power generation capacity additions that are likely to boost the coal demand.
- Strong growth in the Indian automobile sector is to drive demand for both steel and aluminium.

### Key Trends

- The cumulative FDI in the metallurgical industries and mining sector has been estimated at \$ 1 billion and \$ 7.6 billion, respectively, between April 2000 and June 2013.<sup>4</sup>
- R&D spending is increasing in the industry, as players are focusing on improving technology to produce better grade products and reduce costs.

- India's mining sector is highly fragmented, with a large number of small and inefficient mines. Almost 95 percent of operating mines in India produce only about 50 percent of the country's mineral output.
- Increased infrastructure developments, such as roads, highways and ports, lead to an improved connectivity between mines and end-users, facilitating the evacuation of mined ores at a lower cost and higher capacity.

### Opportunities

- India is rich in mineral resources with an estimated untapped metal reserve potential of approximately 82 billion tonnes, leading to opportunities for new mining capacity additions in iron ore, bauxite, coal and gold.
- In the FY 14 budget, the GoI has announced the PPP model in coal mining with Coal India Limited. This would allow the entry of private players in the coal sector. A panel has been formed under the Chairmanship of the Coal Secretary to deliberate the different modes of PPP route.<sup>5</sup>
- By 2020, the metals and mining sector in India has the potential to contribute around \$ 150 billion to the GDP, create new employment for 2.3 million people and contribute 40 billion to the government revenues.<sup>6</sup>



1. "Annual Report 2012-13," Ministry of Mines, GoI

2. 12th Five Year plan working committee report on Mines

3. "Annual Report 2012-13," Ministry of Mines, GoI

4. Factsheet on FDI, From April 2000 to June 2013, Ministry of Commerce and Industry, GoI

5. "Panel on PPP models for coal likely to meet this week," Zeebiz.com, 12 May 2013

6. "Reinvigorating the Indian mining sector," CII Global Mining Summit, December 2012

Note: \$1 = ₹ 47.9 in FY 12; \$1 = ₹ 54.4 in FY 13

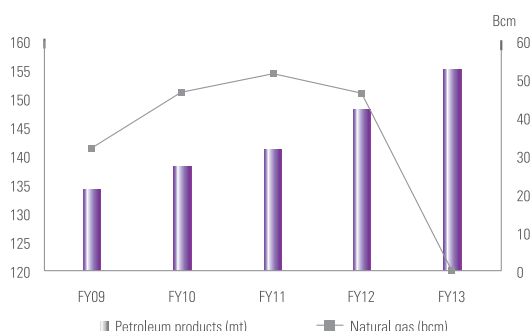




## Sector Overview

- India is the fourth largest consumer of energy after China, the USA and the Russia Federation. Oil and gas account for 39 percent of India's primary energy consumption.
- Oil constitutes 34.4 percent of India's total imports and it constitutes 19.9 percent of India's total exports (FY 13).
- As of April 2013, India had 22 refineries with a total capacity of 215.1 MTPA.
- From FY 09 to FY 13, consumption of petroleum products increased at a CAGR of 3.7 percent and gas consumption increased at 13.5 percent from FY 09 to FY 12.

### Petroleum products and natural gas consumption



Note: FY 13 gas production data is not available

Source: Petroleum Planning and Analysis Cell (PPAC)

## Demand Drivers

- Demand for petroleum products and natural gas is increasing owing to population growth and rapid urbanisation. This has led to increasing power requirements and fuel requirements.
- With energy security becoming a major concern, the GoI is keen to have investor friendly policies, in order to provide an impetus for exploration activities.

## Key Trends

- Cumulative FDI inflow in the Petroleum and Natural Gas industry from April 2000 to June 2013 was \$ 5.4 billion.
- New Exploration and Licensing Policy: It was introduced in 1997 to promote private investment in the upstream segment. So far, nine bidding rounds have been conducted, which have witnessed participation from several domestic and international private companies such as BG, ENI and others.
- Shale gas: In order to increase domestic gas production, the Government has drafted a shale gas policy that is awaiting Cabinet approval. The Government is looking at inviting bids for 100 shale gas blocks by end of 2013 and has estimated investment inflow to the tune of \$ 2 billion.<sup>1</sup>
- Foreign oil majors have started showing interest in India's upstream sector. BP has acquired a 30 percent stake in 21 blocks of RIL for \$ 7.2 billion.
- The GoI has partially decontrolled diesel and has fixed a cap on subsidised LPG cylinders. This will help to reduce the under-recoveries of oil marketing companies.

## Opportunities

- India has significant potential of conventional and unconventional oil and gas resources. According to the IEA, India is estimated to have approximately 63 TCF of technically recoverable shale gas resources.
- Significant opportunities exist in gas transmission pipelines and a CGD network, as the PNGRB is likely to increase CGD coverage to 250 cities by 2020.
- India is expected to witness significant LNG capacity additions in the next five years (expected to increase from 12.5 MTPA in 2010 to around 35 MTPA by 2016).

1. <http://www.miningweekly.com/article/indian-plans-auction-of-100-shale-gas-blocks-this-year-2013-06-24>

Note: \$1 = ₹ 54.4 in FY 13

## Sector Overview<sup>1</sup>

- India's pharmaceutical sector was estimated to be worth \$ 20.8 billion in 2013 and forecasted to reach \$ 35.9 billion by 2016.
- The sector is expected to grow at a rate of approximately 16-18 percent between 2016 and 2021.
- India accounts for almost ten percent of global drug production by volume and is increasingly focusing on R&D.
- Presently there are approximately 3,000 pharmaceutical manufacturers, the majority of which focus on generic drugs.

## Demand Drivers

- India's large and growing ageing population is a major driver for the pharmaceutical sector. The percentage of the population aged 65 and over will increase from 4.3 percent to 6.3 percent from 2000 to 2020.<sup>2</sup>
- Increasing awareness among the population with respect to healthcare is another driver for the pharmaceutical sector.
- With changing demographics and lifestyle patterns, the chronic segments, such as cardiovascular, anti-diabetic, neurology and psychiatry, have been growing at a faster pace than acute segments. These diseases require long-term treatment and management creating a demand for therapies and drugs.

## Key Trends

- Cumulative FDI inflow in the drugs and pharmaceuticals sector from April 2000 to June 2013 was \$ 11.3 billion.
- Increasing investments by MNCs reflect their renewed global interest in the Indian market. Indian players are continually diversifying their portfolios to include

complex molecule and bio-similars. These trends have further increased the overall attractiveness of the segment in the eyes of investors.

- The biotech industry carries tremendous potential. With many Indian players like DRL adopting a bio-similars strategy and building strong pipelines – biotech capability is bound to fetch India significant global exposure
- Pharma exports are estimated to reach \$ 33 billion by 2016; The formulations and the bulk drugs continue to grow at 18 percent and 23 percent CAGR respectively (2012-2016). India along with China is responsible for exporting a major portion of the world's drug intake. While China holds an edge in API manufacturing, Indian manufacturers focus on development and export of formulations.

## Opportunities

- The government is increasingly focusing on Universal Health Coverage. This translates into an increased impetus for pharmaceutical manufacturers.
- CRAMS is likely to gain traction in the coming years and will pose a significant opportunity for Indian players.
- Generics continue to be the main stay of Indian pharmaceutical companies. With the ongoing patent cliff and policies regarding generic substitution being implemented in different countries, Indian companies with their vast product portfolios have a huge opportunity of leveraging.
- There is an unprecedented global wave of genericization and India is well positioned to leverage this opportunity, as is witnessed by the increasing ANDA filings and improving compliance standards. India's share is approximately 31 percent of the total ANDA filings globally.

1. BMI Estimates – August 2012

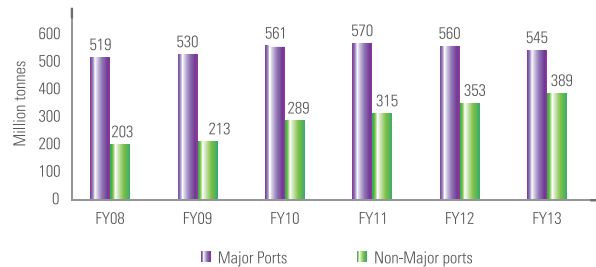
2. CRISIL Research – November 2011



## Sector Overview

- India's ports facilitate 90 percent by volume and 70 percent by value of India's external trade via maritime traffic.
- The country's long coastline spans across 7,500 km with 13 major ports governed by the GoI and about 176 non-major ports governed by the state maritime boards.<sup>1</sup>

Traffic handled by major and minor ports



Source: Indian Ports Association

- The Indian port market has witnessed significant growth over the last decade, growing at a CAGR of 8.4 percent from 384 MMT in FY 02 to 934 MMT in FY 13.
- Following a temporary deceleration in cargo traffic due to the global economic slowdown between FY 08 and FY 13, cargo traffic across India's ports is expected to touch 1,304 MMT by FY 17 at a CAGR of 8.7 percent, with major and non-major ports expected to grow at a CAGR of 8 percent and 10 percent respectively.<sup>2</sup>
- In 2011–12, coastal cargo constituted 17 percent of total cargo at Indian ports and increased at a nominal CAGR of 4.5 percent to 160 MMT in 2011–12 over the past five years. In 2011–12, coastal traffic at major ports accounted for 70 percent of total coastal cargo traffic and 18–20 percent of the total cargo handled at major ports. Coastal traffic at non-major ports comprised 14 percent of the total cargo handled for the same period.<sup>2</sup>
- Ports in India have also improved their productivity over the years. The following table depicts the performance of 13 ports in India.

	Average Pre Berthing Time (Port A/c) (in Hrs)	Average Turn Round Time (in Days)	Average Output Per Ship Berthday (in million tonnes)
Kolkata Port Trust - Kolkata Dock System	0	4.47	3.153
Kolkata Port Trust - Haldia Dock Complex	42.41	5.19	5.605
Paradip Port Trust	1.15	5.31	17.05
Vishakapatnam Port Trust	0.99	4.87	10.94
Ennore Port Trust	0.01	4.38	22.973
Chennai Port Trust	1.07	2.54	15.104
V.O. Chidambaranar Port Trust	6.24	3.73	9.778
Cochin Port Trust	1.09	1.8	15.41
New Mangalore Port Trust	0.48	3.28	15.564
Mormugao Port Trust	2.74	4.61	10.534
Mumbai Port Trust	12.3	4.7	9.689
Jawahar Lal Nehru Port Trust	13.44	1.76	26.072
Kandla Port Trust	27.84	6.9	15.47

Source: E-magazine, Indian Ports Association, August 2013

## Demand Drivers

- Capacity overruns at major ports, aided by a substantial increase in the cargo traffic of fertilizers, building material and coal, have resulted in significant investments in the development of non-major ports.
- The export-import container market in India has grown at a CAGR of 12 percent during FY 07-FY 12. Other commodities such as POL, iron ore and coal have experienced 8-10 percent growth during the same period.
- The increasing containerisation level for erstwhile break-bulk commodities (e.g. steel, cement, rice and sugar) is expected to drive growth in container cargo traffic.
- The development of DFC and the DMIC along the North West corridor is expected to drive the demand for logistics infrastructure.
- The GoI's announcement to fix market-linked rates is expected to expedite the bidding for various PPP projects at major ports.<sup>3</sup>

1. Logistics Game Changer, KPMG in India

2. Indian Ports Association, KPMG in India Analysis

## Key Trends

- The PPP is expected to play an important role in the ports sector, particularly in the development of non-major ports. Private investment is expected to contribute 66 percent and 98 percent of total investments in major and non-major ports, respectively.
  - As of August 2013, 29 PPP projects were operational at a cost of \$ 1,961 million and with a capacity of 193.33 MTPA.
  - Between FY 08 and FY 13, cargo traffic at non-major ports increased at a CAGR of 14 percent as compared with a CAGR of 1 percent at major ports; consequently, the share of non-major ports increased from 28 percent to 42 percent during the same period.
  - With the contribution of east coast ports to India's total trade expected to increase from 23 percent in 2010 to 34 percent in 2014, the east coast's ports are expected to significantly drive growth in the ports sector.<sup>4</sup>
  - East coast ports which are closer to iron ore/coal deposits and power, steel and fertilizer plants have traditionally handled bulk commodities, as opposed to west coast ports, which mainly handle POL and container cargo.
- Captive facilities for port based industries.
  - Leasing of equipment for port handling and leasing of floating crafts.
  - Leasing of existing assets of ports.
  - Construction and maintenance of assets such as container terminals bulk/break bulk/multi-purpose and specialised cargo berths, warehousing, CFS, storage facilities and tank farms, handling equipment, setting up of captive power plants, dry docking and ship repair facilities.
- Development of mega-ports with supportive, high potential surroundings that can derive the benefits of economies of scale.
  - Port development and management, EPC (port construction, dredging, etc.) and port-related services such as pilotage, towage and CFS.
  - As of August 2013, the Gol plans to award 21 PPP projects with an estimated cost of \$ 2,889 million and capacity 244.95 MTPA in the coming years.<sup>5</sup>

## Opportunities

- For foreign companies investing in the Indian ports sector, 100 percent FDI under automatic route is allowed for following services:

3. E-magazine, Indian Ports Association, August 2013

4. Indian Ports Association, KPMG in India Analysis

5. E-magazine, Indian Ports Association, August 2013

Note: \$ 1 = INR 66.57 as of 30 August 2013





## Sector Overview

- India ranks fifth in the world in terms of total installed power generation capacity.<sup>1</sup>
- As at May 2013, India had an installed capacity of 225 GW, of which 68 percent was thermal-based, 17.6 percent was hydro-based, 12.2 percent was renewable-based and the balance was nuclear.<sup>2</sup>

## Demand Drivers

- Robust economic growth along with rapid industrialisation and urbanisation is leading to a growing demand for energy.
- The Government initiative to provide electricity to all, requires growth in generation and transmission capacity.

## Key Trends

- The cumulative FDI inflow in the power sector from April 2000 to June 2013 was \$ 7.9 billion.<sup>3</sup>
- Transmission losses in India are on the decline, primarily due to increased privatisation and improvements in the use of technology. Transmission and distribution losses have declined to below 24 percent in FY 11 from more than 31 percent in FY 05.<sup>4</sup>
- Power generation capacity addition by private players has grown rapidly. Private sector share in the total capacity additions during the 11<sup>th</sup> Five Year Plan was 42 percent, up from about 13 percent during the 10<sup>th</sup> Five Year Plan.<sup>5</sup>

- State electricity regulators have allowed distribution companies to hike tariffs. In 2012, power tariff hikes ranged between 2-37 percent.<sup>6</sup>

## Opportunities

- Currently, India ranks as one of the lowest in terms of per annum per capita consumption of power, at approximately 880 kWh as compared to the world average of 2,730 kWh (2010).<sup>7</sup> Low per-capita electricity consumption presents a significant investment opportunity in the power sector.
- For the 12<sup>th</sup> Five Year Plan, the power ministry has set a target of 88,000 MW of new generation capacity.<sup>8</sup>
- The GoI is promoting private investment in the transmission and distribution segment. The estimated investment requirement for transmission systems in the 12<sup>th</sup> Five Year Plan period is about \$ 33 billion.



1. Electricity Generation," BP statistical review, 2012  
2. Monthly Review of Power Sector Reports," CEA Monthly Reports, May 2013  
3. Factsheet on Foreign Direct Investment, From April 2000 to June 2013, DIPP, Ministry of Commerce and Industry, GoI  
4. Monthly Review of Power Sector Reports," CEA Monthly Reports, June 2013  
5. Planning Commission, CEA  
6. 2013 Outlook: Indian Power, Fitch Report  
7. CEA monthly power supply report, March 2013  
8. 12<sup>th</sup> Five Year Plan power capacity target cut to 88,000 MW," Business Standard, 18 July 2012

Note: \$1 = ₹ 54.4 in FY 13 used for 12<sup>th</sup> Five Year Plan



## Sector Overview

- Renewable energy includes electricity from small hydro, wind, solar, biomass and geothermal sources. Renewable energy accounts for about 12 percent of total installed capacity in India, registering six-fold growth over the last ten years.<sup>1</sup>
- India is the fifth largest producer of wind energy in the world.<sup>2</sup>
- The total installed capacity of grid interactive renewable power grew by 16 percent to 28,905.2 MW in June 2013 from 24,914 MW in March 2012.<sup>3</sup>

### Installed capacity of renewable energy in India by source:

S. No.	Renewable energy technology	Installed capacity * (MW)	Potential (MW)
1	Biomass power	1,264.8	18,000
2	Wind power	19,317.05	+ 100,000**
3	Small hydropower (up to 25 MW)	3,671.25	15,000
4	Cogeneration-bagasse	2,377.43	5,000
5	Waste to energy	96.08	2,700
6	Solar power	1,759.44	Abundant

Source: Ministry of New and Renewable Energy, \*As on 31 May 2013

\*\* CWET had initially estimated 48 GW; recently with new Class-II machines the potential is increased to 100 GW; recent study by Lawrence Berkeley National Laboratory (LBNL – US DoE) reassessed wind potential in India at 3,000 GW.

## Demand Drivers

- To enhance energy security and reduce dependence on imported fuels, the Government is promoting the renewable energy sector.
- Growing concerns related to CO<sub>2</sub> emissions and climate change are pushing the scope for development of renewable energy in India.
- Favourable economy for renewable energy. At present, the variable cost of power from diesel-based generation is upwards of ₹ 15 per unit. Solar and wind power have already turned economically viable for

certain commercial or industrial customers at their levelled utility tariffs.

## Key Trends

- Cumulative FDI inflow in non-conventional energy from April 2000 to June 2013 was \$ 2.7 billion.<sup>4</sup>
- Solar power costs have reduced rapidly in the last few years and expected to decline at the rate of 5-7 percent per annum. The utility-scale grid parity is expected to occur at the earlier end of the 2017-2019 timeframe.<sup>5</sup>

## Opportunities

- India has renewable potential of more than 140,000 MW (excluding solar). Out of this only 26, 368 MW, representing 19 percent of the total potential, has been exploited. This presents a significant opportunity to tap into the unexploited resources.
- India plans to double its renewable energy capacity to 54,000 MW by 2017 to reduce its dependence on fossil fuels by the end of the 12<sup>th</sup> Five Year Plan.<sup>6</sup>
- JNNSM, a central government policy, aims to generate 20,000 MW of solar power by 2022. Furthermore, several states, such as Andhra Pradesh, Tamil Nadu, Rajasthan and Gujarat, etc., have their separate state-level solar policies.
- To curtail the cost of solar power projects in India, MNRE has planned to launch large size solar power projects, with capacity of 500 MW and above.<sup>7</sup>

1. Monthly All India Installed Generation Capacity Report, CEA, May, 2013
2. India Wind Energy Association website
3. Energy statistics 2013, Ministry of Statistics and Program implementation, March 2013
4. Factsheet on Foreign Direct Investment, From April 2000 to June 2013, DIPP, Ministry of Commerce and Industry, Gol
5. The Rising Sun: Grid parity gets closer, KPMG in India report, September 2012
6. India to have 54,000 MW renewable energy capacity by end of 12<sup>th</sup> Five Year Plan, Business line, 24 November 2012
7. 'MNRE to launch mega-sized solar power projects,' The Economic Times, 14 June 2013



## Sector Overview

- The Indian retail sector is expected to grow at a CAGR of 19.7 percent to reach \$ 869 billion by 2015, from \$ 450 billion in 2012.<sup>1</sup>
- The organised retail segment which constitutes about 8 percent of the overall retail sector, is expected to grow at a CAGR of 26.4 percent during 2012-2015.<sup>2</sup>

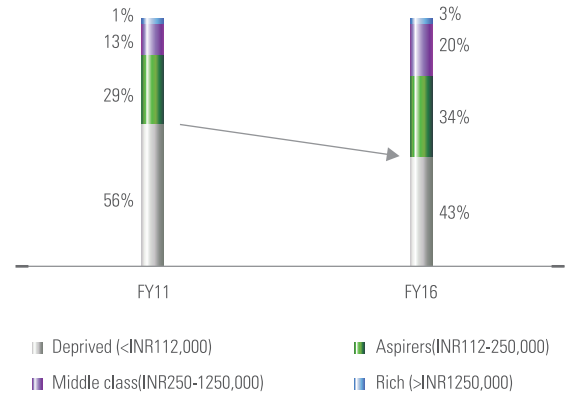
## Demand Drivers

- According to the NCAER, the Indian middle class population is expected to reach 267 million in FY 16, witnessing a growth of 67 percent over 2011-16.<sup>3</sup>
- Easy credit availability with privileges like quick and speedy loans, loans over phones and increasing use of plastic money (credit cards) are factors that have facilitated easy payments, thus driving organised retail sales in India.
- Increasing disposable income, urbanisation and growing aspirations are likely to act as key consumption catalysts leading to retail sector growth in India.

## Key Trends

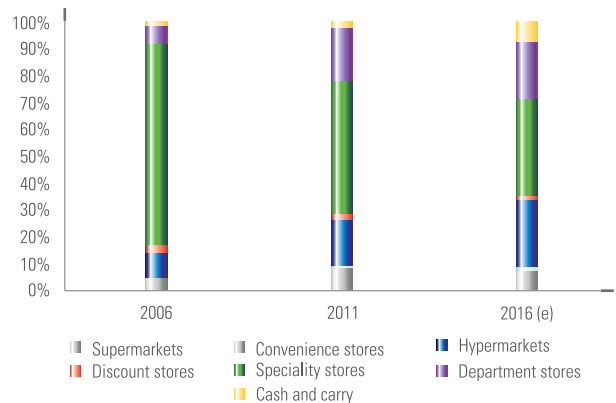
- Consumers are increasingly looking for convenience and a superior shopping experience. Furthermore, increasing exposure to western consumption trends and growing media penetration have driven brand consciousness among Indian consumers.
- Organised retail formats in India are evolving fast to cater to the changing needs of the Indian consumers. Value formats such as hypermarkets are gaining popularity, and this trend is likely to continue in the near future.
- Indian retailers have been increasingly introducing private labels in categories such as food and grocery. Private labels are gaining acceptability among consumers due to their 'value-quality' proposition and profitability to retailers compared to other branded products.

## Projected growth in India's middle class population



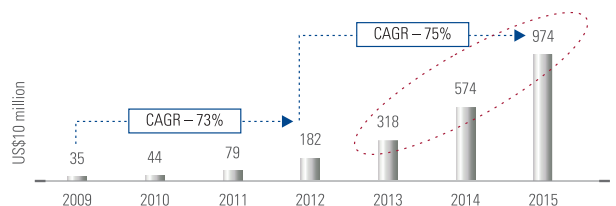
Source: National Council for Applied Economic Research

## Evolution of organised retail formats in India



Source: Images Retail (March 2013)

## Online retail market



Source: Internet And Mobile Association of India Digital Commerce Report 2011

1. Retail sector in India growing at phenomenal pace,"The Times of India, 25 June 2012

2. India's middle class population to touch 267 million in 5 years," The Economic Times, 06 February 2011 USD conversion - ₹ 45.58 (FY 11); USD conversion- ₹ 54.40 (Future estimates)

3. India's middle class population to touch 267 million in 5 years," The Economic Times, 06 February 2011.



- Online retailing in India is likely to continue growing at a healthy rate in the near future, with demand growth coming from metropolitan areas as well as smaller cities. While in Tier-II and III cities, online retail addresses the demand arising due to the absence of physical stores and brands, in metropolitan areas, it increasingly offers a convenient shopping option to consumers.

## Opportunities

- Foreign retailers have been permitted to operate in cities with population of less than one million, subject to one time approval of state government.
- International retailers to invest a minimum 50 percent of the first tranche of \$ 100 million in back-end infrastructure. Subsequent investment in the same can be made by the multi-brand retailers only if the business requires it.
- Micro, small and medium enterprises: Definition revised to ease mandatory sourcing norms. MSMEs to have maximum investment in plant and machinery of \$ 2 million (excluding depreciation in first three years). An entity will remain an MSME even if it outgrows the investment definition of \$ 2 million during the course of its relationship with the retailer provided it's the 'first time engagement with the retailer'. This will enable international retailers to continue with the MSME for its sourcing requirements. As per the new mandate, sourcing from agricultural and farmer co-operatives is also allowed to meet the aforementioned clause.
- The revised liberal FDI Policy (which allows 100 percent FDI in single-brand retail and 51 percent in multi-brand retail) provides an opportunity to foreign players to partner with the existing Indian players and leverage their existing presence as a platform to grow in the country.
- Growth for categories such as FMCG is increasingly coming from rural rather than urban areas. Also, consumption patterns reveal that small-town consumers are increasingly spending more on categories such as electronic goods and high-end personal care items.
- India offers price competitiveness through low-cost production and raw material procurement in several sectors such as food processing. As a result, many global retailers are stepping up sourcing operations in India.



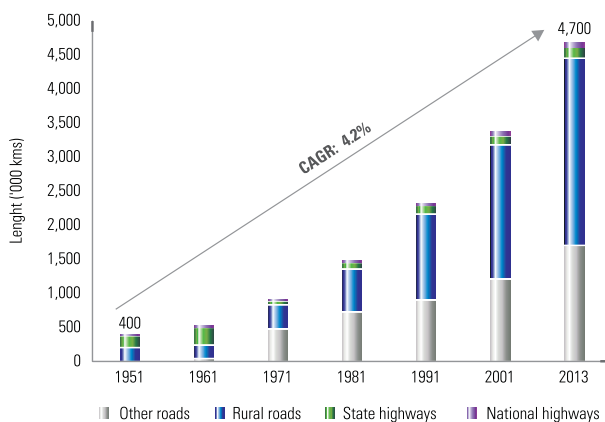


# Roads and Highways

## Sector Overview<sup>1</sup>

- Roads continue to constitute the most significant component of India's logistics industry, accounting for 60 percent of total freight movement in the country.
- Historically, road freight in India has increased since its FY 51 level of 6 BTKMs to a projected 1,315 BTKMs in FY 13, registering a CAGR of 9 percent.
- The corresponding development of roads has witnessed limited traction, recording a CAGR of 2 percent from about 3.7 million km in 2001 to about 4.7 million km in 2013.

Road network by category ('000 km): 1951 to 2011



Source: Logistics Game Changers - KPMG report 2013

## Demand Drivers

- The Gol has announced several incentives such as declaring the road sector as an industry, providing 100 percent tax exemptions in any consecutive ten years out of 20 years, duty free imports of certain identified construction plants and equipment, FDI of up to 100 percent and increased concession periods (up to 30 years).
- The completion of the NHDP, which is aimed at developing 50,000 km of National Highways by 2015 in seven phases with an investment of \$ 55.1 billion, and

modernisation of the road cargo transport community would create more demand in the road transport sector.

## Key Trends

- The private sector is expected to contribute 33 percent of the total investment in the 12<sup>th</sup> Five Year Plan.
- Estimated investments in the road sector during the 11<sup>th</sup> Five Year Plan (2007–2012) vis-a-vis projected investments for the 12<sup>th</sup> Five Year Plan (2012–2017) indicate a significant jump of approximately 120 percent.
- In sync with the growing demand for road connectivity, improving basic road infrastructure and adoption of superior technology are being pressed upon.

## Opportunities

- FDI up to 100 percent under the automatic route is allowed for support services to road transport such as the operation of toll roads, highway bridges, and vehicular tunnels. It also includes services such as cargo handling, construction and maintenance of roads, bridges, and construction and maintenance of roads and highways offered on BOT basis, including collection of toll.
- The numbers of expressways and highways has increased; many roads have been widened; electronic toll collection is becoming increasingly common; the 'green channel' concept is gaining ground, and inter-state check posts are becoming automated.
- Other examples of key progressive measures include the development of the IRTEX, gradual fleet modernisation and consolidation of the trucking community.
- Immense growth opportunities in highway and expressway development are expected to offer new investment option to the private sector. Particularly, most of the projects under Phase III (approximately 9,100 km, \$ 19.41 billion) of the NHDP are expected to be awarded on a BOT basis during 2010–2015.

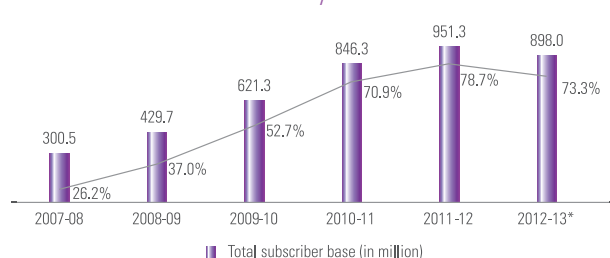
1. Logistics Game Changer, KPMG in India  
Note: \$1 = ₹ 54.4 in FY 13



## Sector Overview

- The Indian telecommunication sector has witnessed an astounding growth during the last decade, mainly on account of a rapid uptake of mobile services.
- The mobile subscriber base has grown at a CAGR of 44.3 percent during the March 2003–February 2013 period to reach approximately 862 million as at February 2013.<sup>1</sup>
- Revenue from mobile services grew by 26.4 percent to reach \$ 22.9 billion during the 2012.<sup>2</sup>
- Moreover, by the end of 2013, the mobile subscriber base is expected to grow to about 890 million<sup>3</sup> and mobile services revenue is expected to grow to \$ 22.0 billion.<sup>2</sup>
- However, despite this robust growth, tele-density remains low at 72.9 percent.<sup>4</sup> A large part of the country's population, primarily in the rural areas, still does not have access to quality telecommunications services, which in turn is a significant opportunity for growth.

### Total subscribers and teledensity



Source: Telecom Regulatory Authority of India \*Figure as of March 2013

## Demand Drivers

- There has been more clarity on the competition landscape and regulatory front. The decision on pricing and allocation mechanisms of spectrum and charging one-time license fees has empowered the players to make informed decisions and formulate strategies for long-term growth.
- The growing per capita disposable income level in India presents a significant opportunity to telecommunication operators to proliferate telecommunication services in rural parts of the country. This, coupled with a growing population and low mobile tariffs, could drive minute consumption in the near future.
- The availability of low-priced handsets has propelled the adoption of wireless services across the country. Moreover, the price of entry-level smart phones has dropped from approximately \$ 329 to \$ 74 within the last two years.<sup>5</sup> Furthermore, the emergence of domestic and Chinese handset makers — with feature-rich and low-priced products — is expected to give a major thrust to the adoption of smartphones and data services in India.
- In the face of stagnating voice revenues, operators in India are betting big on non-voice services to fuel their growth engines. The contribution of non-voice services to total revenues has grown 3.2 percentage points during the last two years to reach about 17.6 percent in 2012,<sup>6</sup> and is expected to touch 51 percent by 2015.<sup>7</sup>

## Key Trends

- In line with the global trend, the broadband revolution in India is expected to play a significant role in driving the GDP growth. According to World Bank estimates, every ten percent increase in broadband penetration can stimulate GDP per capita by as much as 1.38 percent for a developing economy.<sup>8</sup>
- Rapid adoption of mobile services has led to a new generation of digital revolution. Now, about 60 percent of the connected population in India accesses Internet via mobile networks.<sup>8</sup>
- Indian Telecom operators are expanding across the world; Bharti Airtel acquired the African arm of the Kuwait based Zain Telecom for \$ 10.7 billion to give it a presence in 17 African countries. In 2013, the company acquired the Uganda based Warid Telecom to further expand its presence in East Africa.

1. TRAI, Telecom subscription data, February 2013  
 2. Gartner, Gartner Says India's Mobile Services Market To Reach ₹ 1.2 Trillion In 2013, April 2013  
 3. Business Monitor, India Telecommunications Report, Q2 2013  
 4. TRAI, Telecom subscription data, February 2013  
 5. The EconomicTimes, Are smartphones in India at a tipping point with 10% overall mobile shares?, April 2013  
 6. Morgan Stanley, Lower Regulatory Risk; Better Operational Environment, March 2013  
 7. Hindu Business Line, Non-voice to account for 51% of mobile operator's revenues by 2015, July 2012  
 8. AT Kearney, Envisioning The Next Telecom Revolution, December 2012  
 Note: \$ 1 = ₹ 45.6 in FY 11; \$ 1 = ₹ 47.9 in FY 12; \$ 1 = ₹ 54.4 in FY 13

## Opportunities

- Basic and cellular services: FDI cap increased to 100 percent from 74 percent (approval for 49 percent FDI through automatic route and beyond it through FIPB). This is expected to increase global operators' interest. At the same time quality of services is likely to improve.
- With urban markets getting saturated in terms of voice, it is imperative for operators in India to push for greater voice penetration in rural markets. In rural parts of India, tele-density stands at about 41 percent, presenting a large untapped market to be catered to.
- India's total fixed broadband subscriber base stands at about 15 million as at February 2013, in addition to just 7.5 million<sup>9</sup> high speed wireless data cards.<sup>10</sup> This makes India one of the laggards in terms of broadband penetration. However, with significant investments in the NOFN by the GoI, operators can tap into the opportunity to provide the last mile connectivity to millions of unconnected households in India.
- The growth in data traffic, launch of 4G and need to enhance rural penetration have resulted in a substantial

increase in demand for telecom equipment — a large proportion of which is currently being imported. Additionally, India is the second largest device market with over 221 million handsets sold in 2012.<sup>11</sup> The market for mobile devices is further expected to grow to over 280 million shipments by 2014.<sup>12</sup> Hence, reduction in the cost of mobile devices through local manufacturing would be a key enabler for bringing the next round of growth.

- Mobile-equipment manufacturers will also find India to be a lucrative destination. With the increasing roll-out of 3G and 4G networks, demand for next generation telecommunication equipment will increase significantly. Having a manufacturing base in India will help these players in reducing costs, as well as being closer to their customers.

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9. AT Kearney, *Envisioning The Next Telecom Revolution*, December 2012

10. TRAI, *Telecom subscription data*, February 2013

11. CMR, *India Mobile Handsets Market Review*, March 2013

12. Deutsche Bank, *India handset survey 2012*, May 2012





## Sector Overview

- The Indian textile market is expected to reach \$ 115 billion in 2011, of which 65 percent was contributed by domestic consumption.<sup>1</sup>
  - The industry contributed nearly 14 percent to India's industrial production, 4 percent to the GDP, and 27 percent to the nation's total export earnings in 2012.
  - The industry is the second-largest provider of employment after agriculture.
- The Indian textile industry is globally recognised with many distinctions.
- With about 12 percent share in the global production of textile fibers and yarn, India was the world's second-largest producer of textiles and garments in 2012.
- In 2012, India accounted for about 24 percent (48.7 million spindles) of the global spindle capacity and the highest looms capacity accounting for about 61 percent of the world's total capacities in 2012.<sup>2</sup>
- The total exports of textile and apparel sector grew to \$ 33.2 billion in FY 12 from \$ 17.6 billion in FY 06, a CAGR of 11.2 percent.<sup>1</sup>

## Demand Drivers

- There has been robust demand both from domestic and export markets
  - Favourable demographical changes, rising disposable incomes and a growing middle class are driving domestic demand for textiles in India.
  - The shift of production focus toward Asian countries is driving demand from export markets.
- Favourable policies have supported investments.
  - 100 percent FDI (automatic route) and free trade with countries in the ASEAN encourages international trade.

- Government schemes such as the SITP and the TUFS facilitate setting up textile parks with world class infrastructure.

## Key Trends

- India has a strong raw material production base and a vast pool of cheap labour that helps meet the incremental demand of the textile industry.
- Domestic players are exploring opportunities to set up integrated textile units in India in partnership with international brands.
- Technical textiles, which have emerged as one of the fastest growing segments of the textile industry, are likely to grow to \$ 31 billion by 2020, implying a CAGR of ten percent during 2010–2020.<sup>3</sup>
- With FDI allowed under the automatic route for the spinning, weaving, processing, garments and knitting sectors, the industry has attracted FDI worth \$ 1.3 billion, during the April 2000 - June 2013.<sup>1</sup>

## Opportunities

- In 2012, the men's segment was the largest contributor (42 percent share) to the apparel sales in India. However, in future, contribution from kids' apparel segment is expected to grow faster than other segments.
- Initiatives such as the TUFS and SITP are likely to add impetus to the development of the sector.
- The Working Group for the 11<sup>th</sup> Five Year Plan (2007-2012) estimated the technical textiles market to grow from \$ 5.3 billion in FY07 to \$ 10.6 billion in FY 12. The GoI is establishing Centres of Excellence around specific textile sectors to foster research-driven growth.
- The current manufacturing capacities cannot suffice for the growth in demand. Hence, capital investments in textile machineries are expected to increase to enhance production.

1. Textiles and Apparels, IBEF, March 2013

2. Textile and Apparel Compendium 2012, Technopak analysis

3. Textiles and Apparels report, IBEF, November 2012

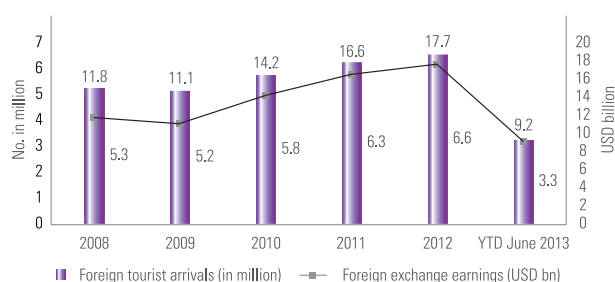
Note: \$ 1 = ₹ 44.3 in FY 06; \$ 1 = ₹ 45.3 in FY 07; \$ 1 = ₹ 47.9 in FY 12



## Sector Overview

- India continues to be a favoured tourist destination for leisure as well as business travel.
- Foreign tourist arrivals have increased at a CAGR of 5.9 percent between 2008 and 2012.
- Foreign exchange earnings have increased at a CAGR of 10.6 percent over the same period.
- The direct contribution of the travel and tourism industry to the GDP was around \$ 35.8 billion (1.9 percent of total GDP) in 2012, while the total contribution was \$ 119.4 billion (6.5 percent of GDP) in 2012.<sup>1</sup>
- The Indian hotel industry, being a direct beneficiary of the growth in the economy and the tourism industry, has also recorded strong growth over the past few years.

### Tourism sector growth



Source: Ministry of Tourism

## Demand Drivers

- The Government has been focused on an upgrade of physical infrastructure as well as tourism infrastructure which includes national highways to expressways, connecting major cities and towns in India. It has created integrated tourist circuits. Furthermore, new airports in various cities are expected to improve connectivity between major city centres in the country.
- Domestic tourism has grown on the back of rising affordability and affinity for leisure travel. According to the WTTC, domestic tourism and travel spending have increased at a CAGR of 6.9 percent over the period 2008-2012 to reach \$ 76 billion in 2012. The number

of domestic visitors in the country has also increased at an annual rate of 14.1 percent from 526.6 million in 2007 to 1,020 million in 2012.<sup>2</sup>

- Outbound travel is also becoming affordable given the affluent middle class and availability of attractive tour packages. The number of Indian nationals on outbound tours increased from 9.78 million in 2007 to 15 million in 2012, growing at an annual rate of 8.9 percent.<sup>3</sup>
- The Government has allowed 100 percent FDI through the automatic route in the tourism and hotel sector. Furthermore, several initiatives by the Ministry of Tourism, such as the visit India year 2009 campaign, promotion of niche products like wellness tourism, and extensive road shows in partnerships with stakeholders in major overseas markets, have contributed to a positive growth in the recent past.

## Key Trends

- According to WTTC estimates, capital investment in travel and tourism was \$ 32.9 billion in 2012. Capital investment in the sector is estimated at \$ 37.2 billion in 2013. Capital investment is expected to rise by 8.7 percent per annum to reach \$ 72.8 billion in 2021.
- During the 11<sup>th</sup> Five Year Plan, the Ministry of Tourism sanctioned 1,226 projects for an amount of \$ 900.6 million for tourism infrastructure development.

## Opportunities

- Government expenditure on the tourism industry is rising from a low base giving scope for big improvements.
- The Ministry of Tourism has been promoting new tourism products such as rural tourism, cruise tourism, adventure tourism, medical tourism, wellness tourism, eco-tourism, and heliport tourism that are expected to increase the inflow of tourists in the country.
- India offers a diverse range of tourism hot spots. It has 28 world heritage sites and 25 bio-geographic zones and the country's big coastline provides a number of attractive beaches.
- With the \$ 30 million investments planned in its Indian joint venture airline with the Tata Group, Malaysian low-cost carrier AirAsia is expected to further provide growth to the Indian aviation sector and increase air travel in India.

1. World Travel and Tourism Council

2. High airfares fail to dampen travellers' spirit, The Asian Age, 14 July 2013

3. Outbound tourism market from India grows: Four emerging trends, The EconomicTimes, 14 April 2013

Note: \$1 = ₹ 47.9 in FY 12; \$1 = ₹ 54.4 in FY 13; \$1 = ₹ 45.4 for the 11<sup>th</sup> Five Year Plan

# 5. State profiles



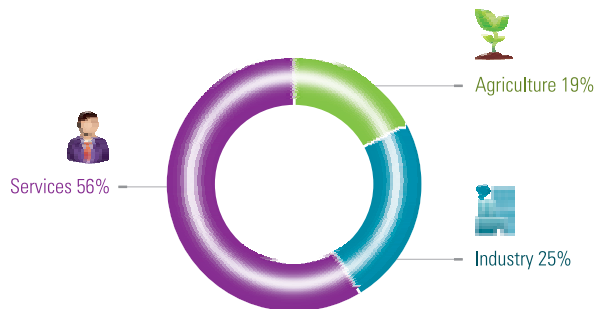
## Andhra Pradesh

### Socio-economic and demographic overview

Andhra Pradesh, located in the southern part of India, is the fourth-largest state in India after Rajasthan, Madhya Pradesh and Maharashtra.

- **Geographical area:** 275,045 sq km<sup>1</sup>
- **Capital:** Hyderabad
- **Administrative districts (number):** 23<sup>1</sup>
- **Key languages:** Telugu, Hindi, English and Tamil
- **Gross state domestic product (at FY 05 prices):** \$ 78.4 billion for FY 13 and has grown at a CAGR of 6.8 percent during FY 08-FY 13<sup>2</sup> (advance estimate)
- **Economic growth rate:** 5.3 percent in FY 13<sup>2</sup>
- **Per capita net state domestic product (at current prices):** \$ 1,420.5 for FY 13 and has grown at a CAGR of 14.2 percent during FY 08-FY 13<sup>3</sup>
- **Population:** 84.7 million<sup>4</sup>
- **Population density:** 308 per sq km<sup>4</sup>
- **Literacy rate:** 67.7 percent, according to Census 2011 (compared with 60.5 percent in 2001)

### Sector-wise composition of GSDP



Source: MOSPI

### Key sectors and investment

- **Key sectors:** Andhra Pradesh offers good investment potential across a wide variety of sectors, ranging from IT-BPO, biotechnology and agriculture to food processing and mining.
- **FDI:** The state received cumulative FDI inflows of \$ 8.2 billion during the period April 2000 to June 2013<sup>5</sup>.

### State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	16,948.7 MW <sup>6</sup>
Telecom	Wireless subscriber base (as at February 2013) Wireline subscriber base (as at February 2013)	64.1 million 2.2 million <sup>7</sup>
Airports	No. of airports (as at April 2013)	One international and eight domestic airports <sup>9</sup>

### Advantage Andhra Pradesh

- **Fast-growing services economy:** The state has emerged as a hub for the knowledge-based services industry including Biotechnology, IT, and Pharmaceuticals, with the presence of over 80 of the 500 top global corporations in the state.
- **Policy and fiscal incentives:** The state offers extensive fiscal and policy incentives for businesses

1. Andhra Pradesh Population Census data 2011, Census-2011.co.in, <http://www.census2011.co.in/census/state/andhra+pradesh.html>, accessed on 28 April 2013
2. State Domestic Product, "GSDP," MOSPI website, [http://mospi.nic.in/Mospi\\_New/upload/SDPmain\\_04-05.htm](http://mospi.nic.in/Mospi_New/upload/SDPmain_04-05.htm), accessed 28 April 2013
3. State Domestic Product, "NSDP," MOSPI website, [http://mospi.nic.in/Mospi\\_New/upload/SDPmain\\_04-05.htm](http://mospi.nic.in/Mospi_New/upload/SDPmain_04-05.htm), accessed 28 April 2013
4. Factsheet on Foreign Direct Investment, From April 2000 to June 2013, DIPP, Ministry of Commerce and Industry, GoI
5. Monthly review of power sector - March 2013, Central Electricity Authority website, [http://www.cea.nic.in/executive\\_summary.html](http://www.cea.nic.in/executive_summary.html), accessed 24 April 2013
6. Highlights on Telecom Subscription Data as on 28th February 2013, Telecom Regulatory Authority of India, 18 April 2013, p13 and p15
7. Basic road statistics of India, Ministry of Road Transport and Highways, August 2012, pgiv
8. <http://www.aai.aero/allAirports/airports.jsp>, Airports Authority of India, accessed 28 April 2013
9. Economic Review 2011-12, Andhra Pradesh

Note :

- 1 The above mentioned sources are relevant to all the states wherever applicable.
- 2 India's Map shown in this section is for representation purpose only.

Note: \$ 1 = ₹ 54.4 for FY 13



under the 'Industrial Investment Promotion Policy 2010-2015'.

- **Well developed infrastructure:** Andhra Pradesh has a well developed road network, power supply, airports and port infrastructure.
- **Rich labour pool:** The state has a large pool of skilled workforce, making it an ideal destination for the knowledge sectors. The state also has a large pool of semi-skilled and unskilled labor, particularly in the 15 to 49 age group.

- **Highest number of operational SEZs:** As of March 2013, Andhra Pradesh had the 38 operational SEZs, the highest among all the states in India. It also has the highest number of IT/ITeS-related SEZs in India.<sup>10</sup>
- **Home to India's first ITIR:** Hyderabad has received in-principle approval for the development of India's first ITIR which is expected to create direct employment for 1.5 million youths and boost IT exports.

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10. "Centres of Export Oriented Production: SEZs and EOUs (Export Oriented Units)," Department of Commerce, Government of India, <http://commerce.nic.in/publications/pdf/annualreport/chapter7-2012-13.pdf>, accessed on 12 October 2013

11. "Nod for Information Technology Investment Region in Andhra Pradesh," The Economic Times, 8 September 2012, via Factiva; "Information & Communications Technology Policy of the Government of Andhra Pradesh, 7 July 2010, [http://aponline.gov.in/apportal/ITC\\_MS\\_9.pdf](http://aponline.gov.in/apportal/ITC_MS_9.pdf)



# Arunachal Pradesh

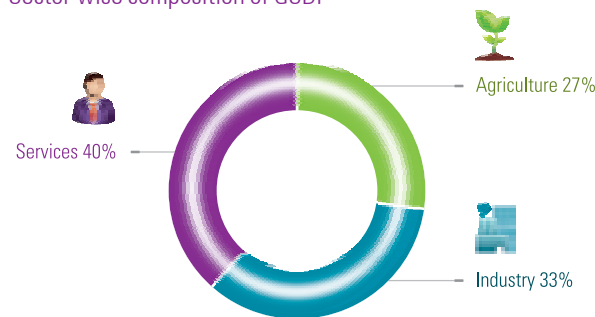


## Socio-economic and demographic overview

Arunachal Pradesh is located in the far northeast bordering the states of Assam and Nagaland to the south, and shares international boundaries with China in the north, Bhutan in the west and Burma in the east.

- **Geographical area:** 83,743 sq km
- **Capital:** Itanagar
- **Administrative districts (number):** 16
- **Key languages:** Assamese, Bengali and Hindi
- **Gross state domestic product (at FY 05 prices):** \$ 1.2 billion for FY 13 and has grown at a CAGR of 7.0 percent during FY 08-FY 13
- **Economic growth rate:** 4.8 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 791.6 for FY 13 and has grown at a CAGR of 4.7 percent during FY 08-FY 13
- **Population:** 1.4 million
- **Population density:** 17.0 per sq km
- **Literacy rate:** 66.9 percent, according to Census 2011 (compared with 54.3 percent in 2001)

## Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Arunachal Pradesh offers good investment potential across a wide variety of sectors, ranging from handicrafts, carpet weaving, wood carving, ornaments, tourism and horticulture to plywood.

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	249.4 MW
Telecom*	Wireless subscriber base (as at February 2013) Wireline subscriber base (as at February 2013)	8.8 million 0.2 million
Airports	No. of airports (as at April 2013)	Two domestic airports

Note: \*This is an aggregate figure for the north-eastern region

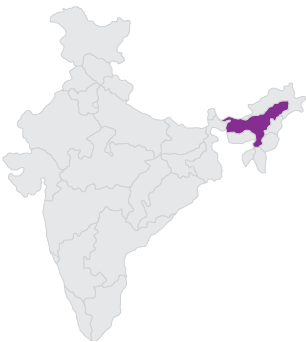
## Advantage Arunachal Pradesh

- **Business-friendly investment policy:** The state launched a new industrial policy in 2008 which promotes investments in key sectors including agriculture, textiles and electronics.
- **Favourable topography:** The topography and agro-climatic conditions of the state offer immense opportunities for horticulture and growing fruits, vegetables, spices and aromatic and medicinal plants.
- **Strong hydro-electric potential:** Arunachal Pradesh has the potential to generate 50,328 MW of hydro-electrical power, which could be utilised for a manufacturing renaissance in the northeast region.
- **Strong potential for Tourism:** The state’s phenomenal biodiversity of flora and fauna in terms of diverse forests and wildlife makes it an attractive destination for tourism.
- **Huge scope for development of traditional arts and crafts:** The indigenous inhabitants of the state are skilled in a wide variety of arts and crafts, such as weaving painting, pottery, smithy work, basketry and woodcarving which offers an attractive business proposition.<sup>1</sup>

<sup>1</sup> “Know India,” Ministry of External Affairs, Government of India, accessed on 12 October 2013

Note: \$ 1 = ₹ 54.4 for FY 13

# Assam

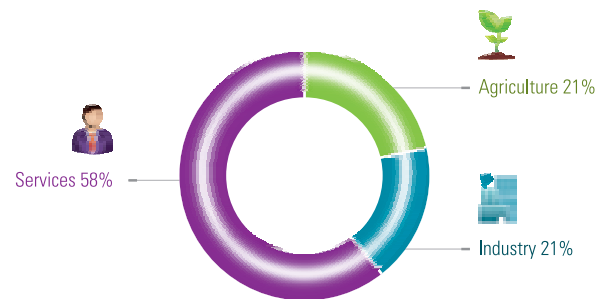


## Socio-economic and demographic overview

Assam is located to the south of the eastern Himalayas; the state is a gateway to northeast India.

- **Geographical area:** 78,438 sq km
- **Capital:** Dispur
- **Administrative districts (number):** 27
- **Key languages:** Assamese, Bodo and Bengali
- **Gross state domestic product (at FY 05 prices):** \$ 17.9 billion for FY 13 and has grown at a CAGR of 7.2 percent during FY 08-FY 13
- **Economic growth rate:** 6.9 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 504.9 for FY 13 and has grown at a CAGR of 5.9 percent during FY 08-FY 13
- **Population:** 31.2 million
- **Population density:** 397.3 per sq km
- **Literacy rate:** 73.2 percent, according to Census 2011 (compared with 63.2 percent in 2001)

## Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Assam offers good investment potential across a wide variety of sectors, such as tea, coal, oil & gas and tourism.

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	1,140.4 MW
Telecom	Wireless subscriber base (as at February 2013) Wireline subscriber base (as at February 2013)	14.3 million 0.2 million
Airports	No. of domestic airports (as at April 2013)	Six

## Advantage Assam

- **Gateway to northeast India:** The state is the largest economy and the most industrially advanced state in the northeast India.
- **Abundant natural resources:** The state has copious natural resources including coal, oil and gas, rubber, tea, and minerals such as granite, limestone and kaolin and also water resources.
- **Location advantage:** The state is India's gateway to the neighbouring countries of Myanmar, China, Bangladesh, Nepal and Bhutan, providing a vital link for trade with the Southeast Asian countries.
- **Availability of skilled workforce:** Apart from having numerous educational institutions, a significant portion of the city population in the age group of 15 to 25 years is computer literate.
- **Special tax incentives:** The state offers special tax incentives for export oriented units besides investment opportunities in key infrastructure areas.<sup>1</sup>
- **Emphasis on Industrial Growth Centres:** The state Government has encouraged the establishment of Industrial Growth Centres with excellent approach, dedicated power lines, adequate water supply, communication facilities and central effluent treatment plants.<sup>2</sup>
- **Inherent advantages for tourism:** The state is endowed with lush green meadows, enormous Brahmaputra river, beautiful hills, blue mountains, tea plantations, rich flora and fauna and rich wildlife resources in dense forests.

1 "Know India," Ministry of External Affairs, Government of India, accessed on 12 October 2013

2 "Industrial Infrastructure," The Government of Assam website, accessed on 22 October 2013

Note: \$ 1 = ₹ 54.4 for FY 13

# Bihar



## Socio-economic and demographic overview

Bihar is located in eastern India and is one of the most densely populated states in the country.

- **Geographical area:** 94,163 sq km
- **Capital:** Patna
- **Administrative districts (number):** 38
- **Key languages:** Hindi, English, Urdu and Bhojpuri
- **Gross state domestic product (at FY 05 prices):** \$ 33 billion for FY 13 and has grown at a CAGR of 10.6 percent during FY 08-FY 13
- **Economic growth rate:** 9.5 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 297.7 for FY 13 and has grown at a CAGR of 9.1 percent during FY 08-FY 13
- **Population:** 103.8 million
- **Population density:** 1,102 per sq km
- **Literacy rate:** 63.8 percent, according to Census 2011 (compared with 47.0 percent in 2001)

## Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Bihar offers good investment potential across a wide variety of sectors, such as food and beverages, chemicals, sugar and tourism.

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	1,868.1 MW
Telecom	Wireless subscriber base (as at February 2013) Wireline subscriber base (as at February 2013)	60.7 million 0.4 million
Airports	No. of domestic airports (as at April 2013)	Two

## Advantage Bihar

- **Supportive industrial policy:** The state government has taken several steps to encourage investment in the state. These include establishing a land bank for industries, the promotion of new industrial parks and targeted incentives for key sectors. The state has also implemented the Single Window Clearance Act, 2006 that aims at speeding up the clearances required for implementation of industrial and other projects.
- **Location advantage:** The state is in proximity to the eastern and northern Indian markets. Access to ports such as Kolkata and Haldi and the accessibility of raw-material sources and mineral reserves in the neighbouring states is likely to be advantageous for the state. The state is also very close to international silk route.
- **Strong agricultural base:** Agriculture sector of the state, employing over 84 percent of the state's workforce, makes it an ideal destination to set up many agro-based industries, such as agriculture and food processing units for sugar, jute and tea.<sup>1</sup> Although the state contributes about 10 percent of India's common fruit and vegetable output, it contributes less than 1 percent of processed output. It commands virtual monopoly in production of Litchi, Makhana, Honey and mushrooms.<sup>1</sup>
- **Well poised for silk production:** The state is well poised for silk production and trade as it is very close to international silk route. It already produces tasar, eri and mulberry silk of good quality.<sup>2</sup>

1 "Advantage Bihar," Udyog Mitra website, accessed on 23 October 2013, <http://www.udyogmitrabihar.com/bihar/>

2 "Advantage Bihar," India in Business website, accessed on 22 October 2013  
Note: \$ 1 = ₹ 54.4 for FY 13

# Chhattisgarh



## Socio-economic and demographic overview

Chhattisgarh is located in central India. It shares borders with the states of Madhya Pradesh, Maharashtra, Uttar Pradesh, Bihar, Orissa, and Andhra Pradesh.

- **Geographical area:** 135,191 sq km
- **Capital:** Raipur
- **Administrative districts (number):** 18
- **Key languages:** Chhattisgarhi, Hindi and English
- **Gross state domestic product (at FY 05 prices):** \$ 16.9 billion for FY 13 and has grown at a CAGR of 7.6 percent during FY 08-FY 13
- **Economic growth rate:** 8.6 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 526.9 for the year FY 13 and has grown at a CAGR of 4.6 percent during FY 08-FY 13
- **Population:** 25.5 million
- **Population density:** 189 per sq km
- **Literacy rate:** 71.0 percent, according to Census 2011 (compared with 64.7 percent in 2001)

## Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Mining and Power, Iron and Steel and Cement.

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	5,624.6 MW
Airports	No. of airports (as at April 2013)	Two domestic (Raipur, Bilaspur)

## Advantage Chhattisgarh

- **Abundant supply of minerals:** Chhattisgarh is one of the richest state of India in terms of minerals such as coal, lime stone, iron, diamonds, bauxite, granite and zinc. It is the sole producer of tin in the country.
- **Wide forest area:** The forest area, which is 44 percent of Chhattisgarh's geographical area, provides raw materials to nearly 10,000 industrial units and is home to more than 88 species of valuable forest medicinal plants. Chhattisgarh accounts for nearly 17 percent of India's total exports of herbs and medicinal plants.
- **Power surplus:** The State is presently one of the few states in India offering surplus power, owing to the abundant availability of coal. The state provides uninterrupted quality power 24x7 at competitive rates.
- **Strong infrastructure:** The state has a well-laid road network connecting all district headquarters, tehsils and development blocks. Further, about 3,106 Km road length is being upgraded.<sup>1</sup>
- **Rich bio-diversity:** With a forest cover of about 5.9 million hectares (44 percent of the state's area), the state is home to about 200 species of medicinal, aromatic and dye plants. This advantage places the state well to harness the huge demand potential in natural medicines and herbal products.<sup>1</sup>

1 "Advantage Chhattisgarh," India in Business website, accessed on 22 October 2013

Note: \$ 1 = ₹ 54.4 for FY 13

# Delhi/National Capital Territory



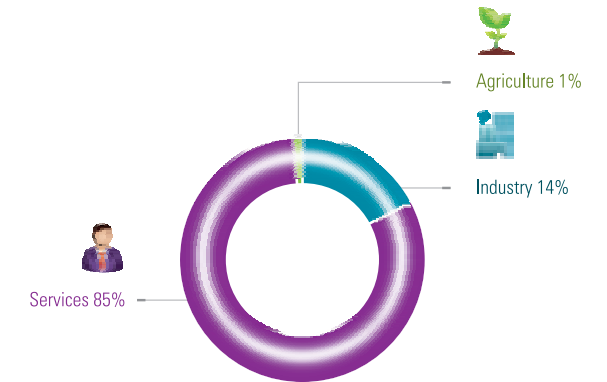
## Socio-economic and demographic overview

Delhi, the national capital territory of India, shares its borders with Haryana and Himachal Pradesh to the north, Uttarakhand to the north east, Uttar Pradesh to the east and south-east, and Rajasthan to the south-west.

Delhi is the national capital of India, popularly known for its heritage sites. The state is among the pioneers for introducing privatization in power distribution and has emerged as one of the leading cities in well-developed infrastructure. Though its economy is mainly driven by the service sector, the UT also houses several industries, with more than 100,000 manufacturing units.

- **Geographical area:** 1,483 sq km
- **Capital:** NA
- **Administrative districts (number):** 9
- **Key languages:** Hindi and English
- **Gross state domestic product (at FY 05 prices):** \$ 40.6 billion in FY 13, growing at a CAGR of 9.9 percent during FY 08-FY 13 (advance est.)
- **Economic growth rate:** 9.0 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 2,213.5 in FY 13, growing at a CAGR of 7.7 percent during FY 08-FY 13
- **Population:** 16.7 million
- **Population density:** 11,297 per sq km
- **Literacy rate:** 86.3 percent, according to Census 2011 (compared with 81.7 percent in 2001)

### Sector-wise composition of GSDP



Source: MOSPI

Note: \$ 1 = ₹ 54.4 for FY 13

## Key sectors and investment

- **Key sectors:** Being a service-oriented economy, banking and insurance, construction and trade hotels are major contributors to the state GDP.
- **FDI:** The state received cumulative FDI inflows of \$ 36.8 billion during the period April 2000 to June 2013.

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	7,163.2 MW
Telecom	Wireless subscriber base (as at February 2013) Wireline subscriber base (as at February 2013)	40.3 million 2.9 million
Airports	No. of airports (as at April 2013)	One domestic and one international (Indira Gandhi)

## Advantage Delhi

- **National capital status:** Being the national capital, Delhi enjoys a strategic position in terms of policy formation and is also an important trade centre.
- **Policy and fiscal incentives:** Lucrative incentives offered to businesses by the state government through its Industrial Policy, 2010-2021, are a major advantage. Further, a Master Plan 2021 has also been drawn that has identified a few high-tech and green industries.
- **Industrial areas and corridors:** The government has helped in developing specific areas as industrial areas. In all, there are 28 industrial estates in the state including Okhla, Wazirpur, Bawana and Narela. Besides, the Delhi is also part of various dedicated industrial corridors, such as the Delhi-Mumbai Industrial corridor, the Amritsar-Delhi-Kolkata corridor. A manufacturing hub and a knowledge based industries park is being developed in Mundka-Ranikhera and Baprol, respectively.
- **Higher education institutions:** Institutions such as the University of Delhi, the Delhi School of Economics, IIT Delhi and many others are renowned

for their higher standards of education resulting in well qualified professionals.

- **Good infrastructure facilities:** The union territory (UT) offers well developed physical and industrial infrastructure, which is being continuously improved. This can be gauged from its modern flyovers, metro links, sewerage pipes etc.
- **Availability of a rich labour pool:** Large pool of skilled and semi-skilled workforce is another key advantage.
- **Sector advantage:** Popular sectors in the state include banking and insurance, real estate, pharmaceuticals and healthcare, knowledge-based industries, tourism and infrastructure. The first two sectors account for a share of 26 percent and 19

percent respectively in the GDP of Delhi. Several insurance and real estate companies are based in the state. Opportunities for these sectors emanate from growing population, higher per capita income, demand for improved housing and healthcare, and esteemed higher education institutions that lead to increasing number of qualified and skilled professionals. Moreover, the state government's emphasis on well developed infrastructure including road network and metro links present significant opportunities for infrastructure building companies. An improved infrastructure along with the fact that Delhi is the state capital that houses several heritage sites and provides good access through rail, air and road network to other states, make it a good tourist destination.







Socio-economic and demographic overview

Goa is located in the western region of India. It shares borders with Maharashtra to the north and Karanataka to the south and east.

- **Geographical area:** 3,702 sq km
- **Capital:** Panaji
- **Administrative districts (number):** 2
- **Key languages:** Konkani, Portuguese, Marathi, Hindi and English
- **Gross state domestic product (at FY 05 prices):** \$ 4.3 billion in FY 12, growing at a CAGR of 9.9 percent during FY 08-FY 12
- **Economic growth rate:** 9.4 percent (GDP data not available for FY 13)
- **Per capita net state domestic product (at FY 05 prices):** \$ 2,069.9 in FY 12, growing at a CAGR of 6.6 percent during FY 08-FY 12
- **Population:** 1.5 million
- **Population density:** 394 per sq km
- **Literacy rate:** 87.4 percent, according to Census 2011 (compared with 82.0 percent in 2001)

Sector-wise composition of GSDP



Source: MOSPI

Key sectors and investment

- **Key sectors:** Goa is popularly known as a tourist destination. The other key sectors are mining, ports and fishery.

- **FDI:** The state received cumulative FDI inflows of \$ 776 million during the period April 2000 to June 2013.

State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	430.0 MW
Airports	No. of airports (as at April 2013)	One airport (Vasco) which operates both as a domestic and an international hub

Advantage Goa

- **Significant presence in tourism, mining and pharmaceuticals:** Tourism and iron ore exports are key revenue generators for the state. Trade hotels and restaurants contributed more than 8 percent to state GDP in FY 12. Besides, sectors such as IT, pharmaceuticals and biotechnology are growing fast.
- **Policy and fiscal incentives:** The government offers fiscal and policy incentives for businesses under its Industrial Policy, 2003. In addition, there are some sector specific policies as well.
- **Good infrastructure facilities:** The state offers well developed physical, social and industrial infrastructure and connectivity through an international airport, sea port, and container freight station in addition to road and rail network.
- **Availability of rich labour pool:** The state’s high literacy rate helps to attract players from both the manufacturing (pharmaceutical) and the services sector (IT-related industries).

Note: \$ 1 = ₹ 47.9 for FY 12

# Gujarat

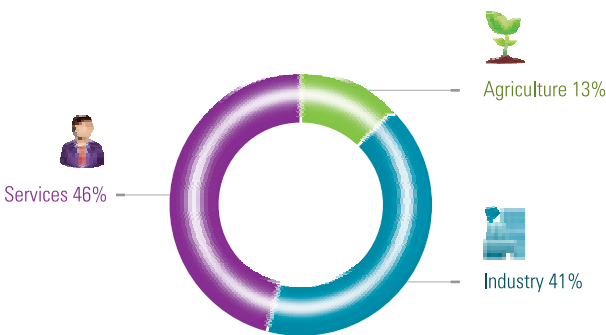


## Socio-economic and demographic overview

Gujarat has a strategic location with access to major ports of the UK, Middle East, Africa, East Asia and Australia.

- **Geographical area:** 196,024 sq km
- **Capital:** Gandhinagar
- **Administrative districts (number):** 26
- **Key languages:** Gujarati, Hindi and English
- **Gross state domestic product (at current price):** \$ 123.4 billion for FY 13 and has grown at a CAGR of 15.3 percent during FY 08-FY 13 (est.)
- **Economic growth rate (at current price):** 14.5 percent in FY 13
- **Population:** 60.4 million
- **Population density:** 308 per sq km
- **Literacy rate:** 79.3 percent, according to Census 2011 (compared with 69.1 percent in 2001)

### Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Gujarat offers good investment potential across a wide variety of sectors, ranging from oil & gas, pharmaceuticals to power and automobiles.
- **FDI:** The state received cumulative FDI inflows of \$ 8.7 billion during the period April 2000 to June 2013.

## State of infrastructure

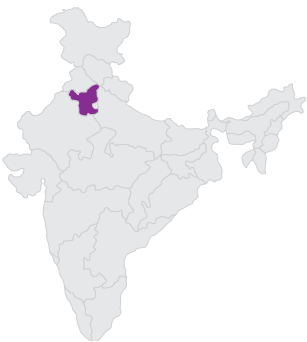
Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	26,414.0 MW
Telecom	Wireless subscriber base (as at February 2013) Wireline subscriber base (as at February 2013)	51.2 million 1.8 million
Airports	No. of airports (as at April 2013)	One international (Ahmedabad) and 12 domestic airports

## Advantage Gujarat

- **Excellent infrastructure:** Gujarat has a very well developed infrastructure as compared to the other states. The state has 42 ports, 12 domestic airports and one international airport in addition to an extensive road and rail network. The state also has 83 product clusters, 257 industrial estates and 32 notified SEZs.
- **Key industrial state:** Gujarat significantly contributes to India's petrochemicals production (62 percent), chemicals production (51 percent) and pharmaceuticals production (35 percent).
- **Skilled manpower:** Gujarat offers a good educational infrastructure with premier institutes in management, fashion, infrastructure planning and pharmaceuticals.
- **Flourishing economy and industry:** Gujarat's average annual GSDP growth rate from 2004-05 to 2011-12, was about 10.1 percent.
- **Abundance of natural resources:** Gujarat has large natural reserves of oil and gas and is the highest crude oil producer of all the states and is also mineral-rich.

Note: \$ 1 = ₹ 54.4 for FY 13

# Haryana

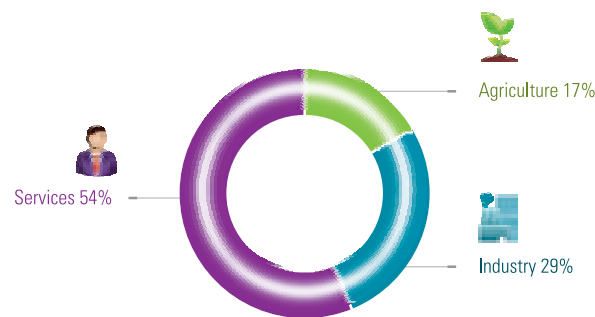


## Socio-economic and demographic overview

Haryana is an industrial state, emerging as a base for the knowledge-industry including IT and biotechnology. It is bordered by Punjab, Himachal Pradesh and Rajasthan.

- **Geographical area:** 44,212 sq km
- **Capital:** Chandigarh
- **Administrative districts (number):** 21
- **Key languages:** Hindi and Punjabi
- **Gross state domestic product (at FY 05 prices):** \$ 35.3 billion for FY 13 and has grown at a CAGR of 8.7 percent during FY 08-FY 13 (advance est.)
- **Economic growth rate:** 7.1 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 1,220.8 for FY 13 and has grown at a CAGR of 7.1 percent during FY 08 - FY 13
- **Population:** 25.3 million
- **Population density:** 573 per sq km
- **Literacy rate:** 76.6 percent, according to Census 2011 (compared with 67.9 percent in 2001)

## Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Haryana offers good investment potential across a wide variety of sectors, ranging from food grains and automotive to exports.

1 "Boost to Industry," Haryana Government website, accessed on 23 October 2013, <http://haryana.gov.in/budgetbusiness/competetive%20adv.asp>

Note: \$ 1 = ₹ 54.4 for FY 13

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	8,113.8 MW
Telecom	Wireless subscriber base (as at February 2013)	19.5 million
	Wireline subscriber base (as at February 2013)	0.6 million
Airports	No. of domestic airports (as at April 2013)	Six

## Advantage Haryana

- **Strong government support for industries:** Haryana is an industrial state and has emerged as a base for the knowledge industry including IT and biotechnology. The state implemented New Industrial Policy to boost rapid industrialization and was the first state to introduce a Labour Policy. The state has also established industrial model townships and dedicated industrial estates, such as Precision Tools Complex, Agriculture Implements Cluster and Apparel Park.<sup>1</sup>
- **Policy and fiscal incentives:** Haryana offers a number of fiscal and policy incentives for businesses under the Industrial and Investment Policy, 2011.
- **Rich labour pool:** Haryana has a vast pool of skilled labour, making it an ideal destination for knowledge-based and manufacturing sectors.
- **Infrastructure:** The state has an excellent social, physical, technology and industrial infrastructure. It boasts of well-developed infrastructure facilities in relation to road and rail network, well-developed industrial estates, good banking facilities, reliable communication network, modern technical institutes and developed commercial markets.
- **Favorable policy environment:** The state has a flexible, liberal, transparent and investor-friendly policy environment to promote private investments — both domestic and foreign.
- **Strategic location advantage:** The state is strategically positioned in such a way that almost 40 percent of the National Capital Region (NCR) of Delhi falls in Haryana.

# Himachal Pradesh



## Socio-economic and demographic overview

Himachal Pradesh, a state in northern India, has a population of about 7 million. It is bordered by Jammu and Kashmir, Haryana, Uttar Pradesh and China.

- **Geographical area:** 55,673 sq km
- **Capital:** Shimla
- **Administrative districts (number):** 12
- **Key languages:** Pahari, Hindi, Punjabi
- **Gross state domestic product (at FY 05 prices):** \$ 8.2 billion for the year FY 13 and has grown at a CAGR of 7.6 percent during FY 08-FY 13<sup>1</sup>
- **Economic growth rate:** 6.2 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 948.3 for the year FY 13 and has grown at a CAGR of 5.1 percent during FY 08-FY 13
- **Population:** 6.9 million
- **Population density:** 123 per sq km
- **Literacy rate:** 83.8 percent, according to Census 2011 (compared with 76.5 percent in 2001)

## Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Agro-based industry, pharmaceuticals and tourism.

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	3,770.1 MW
Telecom	Wireless subscriber base (as at February 2013) Wireline subscriber base (as at February 2013)	6.9 million 0.3 million
Airports	No. of airports (as at April 2013)	Three domestic airports (Shimla, Kullu, Gaggal)

## Advantage Himachal Pradesh

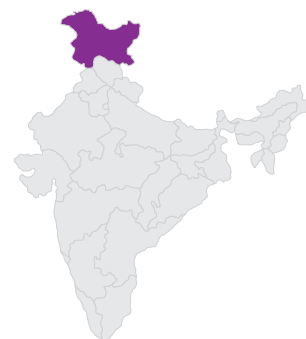
- **Availability of natural resources:** The State has abundant natural resources suitable for the growth of industries such as agriculture and related sectors and pharmaceuticals.
- **High level of industrialisation and urbanisation:** As of December 2010, there were 460 medium and large-scale industries with a total investment of about \$ 2.68 billion in the state. Himachal Pradesh has emerged as a hub for industries, especially textile, pharmaceuticals and packaging.
- **Policies and incentives:** There is high focus from Government on providing various incentives, for an environment conducive to industrial growth.
- **Strong base for hydro power:** Along with well developed industrial, social and physical infrastructure, the state is well-placed to generate and supply hydro-power using abundant water resources. A comfortable power situation makes it a conducive place for the growth of many industrial units.
- **High potential for the development of tourism and related activities:** The state is home to many religious places and hill stations which make it an attractive tourist destination for most part of the year.
- **Strong growth area for Pharmaceutical sector:** The state is among the leading growth areas for the pharmaceutical sector in the country. With 364 pharmaceutical units, state stood third after Delhi and Uttar Pradesh.<sup>2</sup>

1. State Domestic Product, "GSDP," MOSPI website, [http://mospi.nic.in/Mospi\\_New/upload/SDPmain\\_04-05.htm](http://mospi.nic.in/Mospi_New/upload/SDPmain_04-05.htm), accessed 28 April 2013

2. "Himachal Pradesh state profile," CII\_KPMG Study, August 2013

Note: \$ 1 = ₹ 54.4 for FY 13

# Jammu and Kashmir

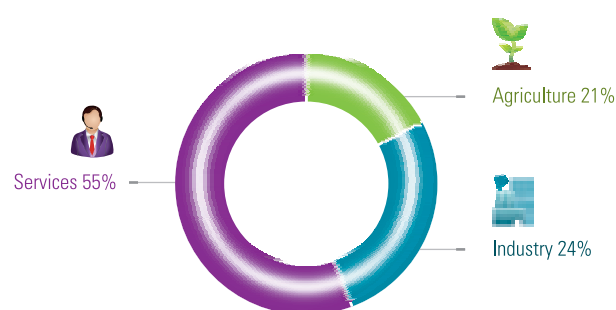


## Socio-economic and demographic overview

Jammu and Kashmir is the northern most state of India, consisting of three regions – Jammu, the Kashmir Valley and Ladakh.

- **Geographical area:** 222,236 sq km
- **Capital:** Srinagar (summer capital), Jammu (winter capital)
- **Administrative districts (number):** 22
- **Key languages:** Urdu, Kashmiri, Dogir, Hindi
- **Gross state domestic product (at FY 05 prices):** \$ 8.0 billion for the year FY 13 and has grown at a CAGR of 6.0 percent during FY 08-FY 13
- **Economic growth rate:** 7.0 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 567.8 for the year FY 13 and has grown at a CAGR of 4.8 percent during FY 08-FY 13
- **Population:** 12.5 million
- **Population density:** 56 per sq km
- **Literacy rate:** 68.7 percent, according to Census 2011 (compared with 55.5 percent in 2001)

## Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Horticulture and floriculture, handicrafts, tourism, IT and ITeS

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	2,393.6 MW
Telecom	Wireless subscriber base (as at February 2013) Wireline subscriber base (as at February 2013)	6.7 million 0.2 million
Airports	No. of airports (as at April 2013)	Three domestic (Leh, Jammu, Pathankot) and one international (Srinagar)

## Advantage Jammu and Kashmir

- **Tourist destination:** A number of temples in Jammu and scenic landscape of Kashmir have made the state an attractive tourist destination. According to the state Department of Tourism, Kashmir's tourism potential is estimated to be between INR 8 and INR 10 billion per annum. The State Government is working towards diversifying the definition of tourism to include amusement parks, adventure sports (water, aero), resort development and Yoga centres.
- **Floriculture and horticulture:** Jammu and Kashmir has agro-climatic conditions best suited for horticulture and floriculture. The state is also blessed with rich resources of water, agricultural lands, forests, herbs and minerals, which sets the base for a robust industrial sector.
- **Conducive business environment:** The cost of setting up operations is lower, coupled with an industrial policy that offers incentives through a single-window clearance mechanism.
- **Availability of skilled labour:** The state has rich base of skilled weavers and designers of textile products.
- **Strong growth opportunities for hydro-power:** The state is estimated to have a hydro power potential of 20,000 MW, of which 16,200 MW of projects have been identified based on techno-economic feasibility. The state government aims at adding 6,000 MW of hydro capacity by 2018. The state is also in the process of developing 33 independent power producer projects.<sup>1</sup>

1 "Jammu and Kashmir state profile," CII\_KPMG Study, August 2013  
Note: \$ 1 = ₹ 54.4 for FY 13

# Jharkhand



## Socio-economic and demographic overview

Located in eastern India, Jharkhand was carved out of southern Bihar in the year 2000 to form a separate state.

- **Geographical area:** 79,714 sq km
- **Capital:** Ranchi
- **Administrative districts (number):** 24
- **Key languages:** Hindi, Santhali, Urdu, Bengali
- **Gross state domestic product (at FY 05 prices):** \$ 18.3 billion for the year FY 13 and has grown at a CAGR of 6.9 percent over FY 08-FY 13
- **Economic growth rate:** 9.1 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 496.9 for the year FY 13 and has grown at a CAGR of 5.2 percent over FY 08-FY 13
- **Population:** 32.9 million
- **Population density:** 414 per sq km
- **Literacy rate:** 67.6 percent, according to Census 2011 (compared with 53.6 percent in 2001)

## Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Mining and mineral extraction, iron and steel, engineering and cement

Note: \$ 1 = ₹ 54.4 for FY 13

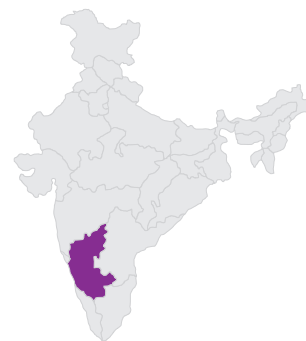
## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	2,269.9 MW
Telecom	Wireless subscriber base (including Bihar, as at December 2012) Wireline subscriber base (including Bihar, as at December 2012)	61.0 million 0.6 million
Airports	No. of airports (as at April 2013)	One domestic airports (Ranchi) and several airstrips

## Advantage Jharkhand

- **Extensive mineral reserves:** With approximately 40 percent of India's available mineral resources, Jharkhand is the sole producer of coking coal, uranium and pyrite. It is also one of the largest producers of coal, mica, kyanite and copper in India.
- **Well-established industrial base:** Jharkhand has a well-established industrial base comprising reputed business houses like Tata.
- **Excellent manpower base:** The state has reputed technical institutions such as XLRI at Jamshedpur, the Indian Institute of Coal Management at Ranchi, Indian School of Mines at Dhanbad, Birla Institute of Technology at Ranchi, the National Institute of Technology at Jamshedpur, BIT at Sindri and the National Institute of Foundry and Forge Technology at Ranchi. This ensures the availability of skilled manpower.
- **Strong government support:** The state has identified a number of thrust areas and provided targeted incentives. The government has already identified three industrial areas where it will provide the complete support including acquisition of land, development of infrastructure facilities, such as road, drainage, park, water supply and public utilities.
- **Strategic location:** Jharkhand enjoys a location advantage due to its proximity to vast markets in eastern India and ports of Kolkata, Paradip and Haldia.

# Karnataka



## Socio-economic and demographic overview

Karnataka, located in the southern region of the country, is India's ninth most populous state.

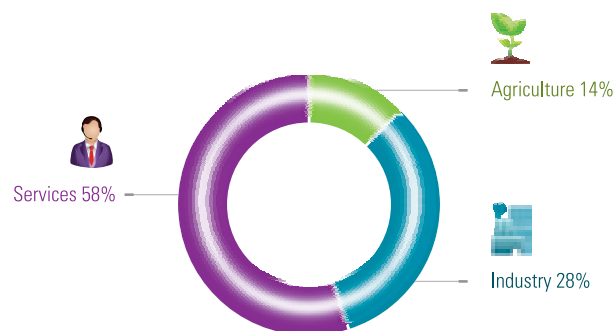
- **Geographical area:** 191,791 sq km
- **Capital:** Bangalore
- **Administrative districts (number):** 30
- **Key languages:** Kannada, Tulu, Hindi and English
- **Gross state domestic product (at FY 05 prices):** \$ 55.8 billion for the year FY 13 and has grown at a CAGR of 5.9 percent FY 08-FY 13
- **Economic growth rate:** 5.9 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 816 for FY 13 and has grown at a CAGR of 4.5 percent during FY 08-FY 13
- **Population:** 61.1 million
- **Population density:** 319 per sq km
- **Literacy rate:** 75.6 percent, according to Census 2011 (compared with 66.6 percent in 2001)

- **FDI:** The state received cumulative FDI inflows of \$ 11.2 billion between April 2000 and June 2013.

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	13,596 MW
Telecom	Wireless subscriber base (as at February 2013) Wireline subscriber base (as at February 2013)	52.4 million 2.4 million
Airports	No. of airports (as at April 2013)	Seven including Bangalore international
Ports	No. of ports (as at March 2013)	One major port at New Mangalore and 10 minor ports

## Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** IT and ITeS, biotechnology, engineering, telecom and electronics

## Advantage Karnataka

- **IT hub:** Being the science capital of India, Karnataka is known for its knowledge-based industries like IT, biotechnology and engineering and it leads in IT and ITeS exports.
- **Policy and fiscal incentives:** The state has well drafted sector-specific policies for biotechnology, IT, BPO and textiles. It has one of the most congenial industrial environments in the country, facilitated by a large pool of human resources and a single window clearance system.
- **Rich labour pool:** The state produces a large number of doctors, engineers and medical technicians proving itself to be a knowledge hub. It has successfully attracted a skilled labour force especially in the knowledge sector.

Note: \$ 1 = ₹ 54.4 for FY 13



# Kerala

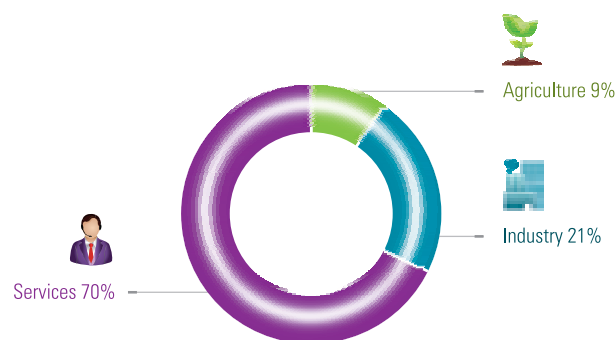


## Socio-economic and demographic overview

Located in the southern most part of India's west coast and has highest literacy rate (in the country) at 93.9 percent.

- **Geographical area:** 38,863 sq km
- **Capital:** Thiruvananthapuram
- **Administrative districts (number):** 14
- **Key languages:** Malayalam, Tamil, Hindi and English
- **Gross state domestic product (at current price):** \$ 66.8 billion for the year FY 13 and has grown at a CAGR of 15.7 percent FY 08-FY 13
- **Economic growth rate:** 15.3 percent in FY 13
- **Per capita net state domestic product (at FY05 prices):** \$ 496.9 for the year FY 13 and has grown at a CAGR of 5.2 percent over FY 08-FY 13
- **Population:** 33.4 million
- **Population density:** 859 per sq km
- **Literacy rate:** 93.9 percent, according to Census 2011 (compared with 90.9 percent in 2001)

## Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Coir, IT, tourism and spices

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	3,836.4 MW
Telecom	Wireless subscriber base (as at Feb 2013) Wireline subscriber base (as at Feb 2013)	30.7 million 3.1 million
Airports	No. of airports (as at April 2013)	Three airports (Cochin, Kozikhode, Thiruvananthapuram)
Ports	No. of Ports (as at March 2013)	One major port (Cochin) and 13 minor ports

## Advantage Kerala

- **Tourist attractions:** Kerala is a leading tourist destination in India with major attractions being its beaches, backwaters, lush hill stations and exotic wildlife. It is also home to Ayurveda. Thiruvananthapuram, Thekkady, Kovalam, Palakkad and Ponmudi, amongst others, are the popular tourist centres.
- **Literacy rate:** High literacy rates have ensured the availability of skilled manpower and the presence of renowned institutions such as the National Institute of Technology, Calicut.
- **Agriculture and IT centre:** Kerala is marked by an abundance of natural and mineral resources and is accordingly one of the leading agricultural states in the country. The state has also been promoting knowledge-based industries such as IT/ITeS, computer hardware and biotechnology.
- **Policy and fiscal incentives:** The state offers a wide range of policy and fiscal incentives for businesses by promoting a wide range of export processing zones, industrial parks and growth centres with all essential facilities.

Note: \$ 1 = ₹ 54.4 for FY 13

# Madhya Pradesh

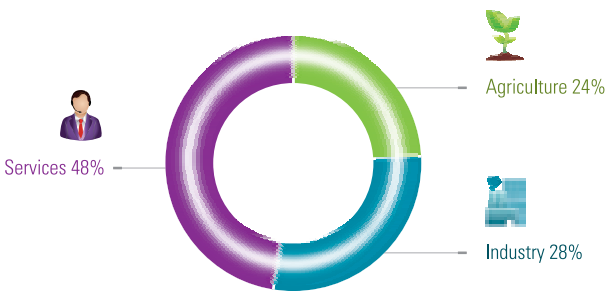


## Socio-economic and demographic overview

Madhya Pradesh is located in central India and is one of the emerging states of India

- **Geographical area:** 308,000 sq km
- **Capital:** Bhopal
- **Administrative districts (number):** 50
- **Key languages:** Hindi and English
- **Gross state domestic product (at FY 05 prices):** \$ 40.7 billion for the year FY 13 and has grown at a CAGR of 10.2 percent over FY 08-FY 13
- **Economic growth rate:** 10.0 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 487.4 for the year FY 13 and has grown at a CAGR of 8.6 percent over FY 08-FY 13
- **Population:** 72.6 million
- **Population density:** 236 per sq km
- **Literacy rate:** 70.6 percent, according to Census 2011 (compared with 63.7 percent in 2001)

### Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Auto and auto components, textiles, cement, agro-based industries and tourism

## State of infrastructure

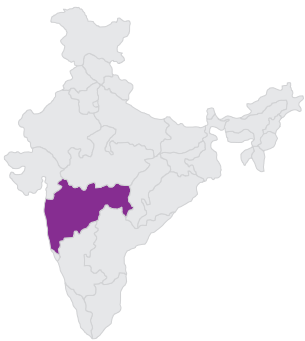
Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	10,631.6 MW
Telecom	Wireless subscriber base (as at February 2013) Wireline subscriber base (as at February 2013)	51.4 million 1.1 million
Airports	No. of airports (as at April 2013)	Five airports (Bhopal, Jabalpur, Gwalior, Indore, Khajuraho)

## Advantage Madhya Pradesh

- **Agriculture and forest resources:** Madhya Pradesh has an abundance of natural resources, as approximately 31 percent of the state area is under forest cover. The state is a leading producer of coarse cereals, soya beans and oilseeds due to favourable soil and climatic conditions.
- **Central location:** Due to the central location of Madhya Pradesh, companies located in the state have easy access to key consumer markets and major cities like Delhi, Mumbai, Kolkata and Chennai.
- **Mineral resources:** The state is rich in mineral resources, with the largest reserves of diamonds and copper in India. It also has significant reserves of coal, coal-beds, methane, manganese and dolomite.
- **Industrial base:** The state is a strong manufacturing base for a number of large and medium-size industries from various sectors like auto and auto-components, cement, agro-processing and consumer goods among others.
- **Strong base for jewels and other precious stones:** The state is one of the largest producers of gems and precious stones with the distinction of having the only operational diamond mine (at Panna) in the country. Huge untapped reserves of these gems present a great investment opportunity.

Note: \$ 1 = ₹ 54.4 for FY 13

# Maharashtra



## Socio-economic and demographic overview

Maharashtra is the third largest state in India in terms of its area and the second largest in terms of population and is located in the western region of India.

- **Geographical area:** 307,713 sq km
- **Capital:** Mumbai
- **Administrative districts (number):** 35
- **Key languages:** Marathi, Konkani, Hindi and English
- **Gross state domestic product (at current price):** \$ 155.1 billion for FY 13 and has grown at a CAGR of 7.2 percent during FY 08-FY 13 (advance estimate)
- **Economic growth rate:** 7.1 percent in FY 13
- **Population:** 112.4 million
- **Population density:** 365 per sq km
- **Literacy rate:** 82.9 percent, according to Census 2011 (compared with 76.9 percent in 2001)

### Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Pharmaceuticals and biotechnology; IT, electronics and engineering

- **FDI:** The state received FDI inflows of \$24.5 billion\* between August 1991 and March 2012.

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	30,354 MW
Telecom	Wireless subscriber base (as at Feb 2013) Wireline subscriber base (as at Feb 2013)	67.7 million 2.4 million
Airports	No. of airports (as at April 2013)	Five domestic and three international airports
Ports	No. of ports (as at March 2013)	Two major and 48 non-major ports

## Advantage Maharashtra

- **Geographical advantage:** The state has a distinct location advantage as it has a long coastline, and access to natural resources such as oil and gas. This has enabled the state to emerge as a financial and commercial hub.
- **Trade and commerce:** The state is well developed in the IT and business outsourcing industries and also has India's main stock exchanges, capital market and commodity exchanges located in Mumbai.
- **Infrastructure:** The state has a well-developed physical and industrial infrastructure with three SEZs.
- **Skilled labour:** The state has a large pool of skilled industrial labour which is ideal for manufacturing sectors. The state also has a large base of educated workers.

\* Economic review of Maharashtra 2012-13

Note: \$ 1 = ₹ 54.4 for FY 13

# Manipur



## Socio-economic and demographic overview

Manipur is a hill state situated in the eastern-most corner of Northeast India. It is known as the 'Jewel of India' with diverse culture in martial arts, dance, theatre and sculpture.

- **Geographical area:** 22,327 sq km
- **Capital:** Imphal
- **Administrative districts (number):** 9
- **Key languages:** Manipuri, Hindi and English
- **Gross state domestic product (at FY 05 prices):** \$ 1.5 billion in FY 13, growing at a CAGR of 6.5 percent during FY 08-FY 13
- **Economic growth rate:** 7.1 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 673.7 in FY 13, growing at a CAGR of 4.6 percent during FY 08-FY 13
- **Population:** 2.7 million
- **Population density:** 122 per sq km
- **Literacy rate:** 79.8 percent, according to Census 2011 (compared with 70.5 percent in 2001)

## Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Khadi and village industry, handlooms, sericulture

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	178.8 MW
Telecom*	Wireless subscriber base (as at February 2013) Wireline subscriber base (as at February 2013)	8.8 million 0.2 million
Airports	No. of domestic airports (as at April 2013)	One (Imphal)

Note: \*The data is an aggregate for the entire north-eastern region

## Advantage Manipur

- **Huge trade opportunities with south-east Asian countries:** The state is emerging as an important gateway for external trade, particularly by being part of the South Asia Development Triangle which encompasses eastern and north-eastern India, Nepal, Bhutan and Bangladesh.
- **Strong base for food processing:** The state has a varied climate and agro-climatic zones enabling it to produce a range of agricultural and horticultural crop and forest produce which can be utilised well by setting up suitable industries. It is home to high value exotic fruits and flowers besides some of the rare medicinal and aromatic plants. The state has already set up a Food Park at Imphal to promote industries based on these produce.
- **Large pool of skilled labour:** Manipur has an educated workforce which is a result of high literacy rates.
- **Improving connectivity:** Imphal Airport provides cargo services. The state is also connected through four national highways. A railway-line connecting Imphal with the rest of India is currently under construction and is expected to be completed by 2016.
- **Attractive tourist destination:** Manipur offers a variety of attractions, such as lakes, parks and mountains. The state capital Imphal is surrounded by green verdant hills with salubrious weather.<sup>1</sup>

<sup>1</sup> "Manipur," IBEF, November 2010  
Note: \$ 1 = ₹ 54.4 for FY 13

# Meghalaya

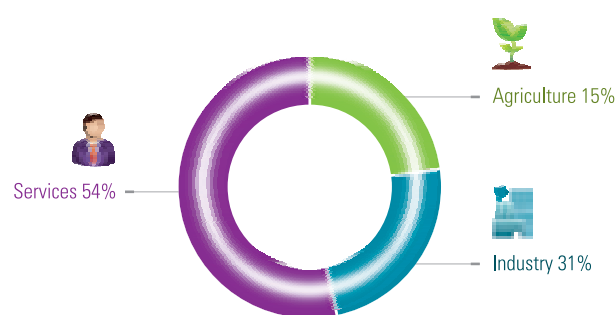


## Socio-economic and demographic overview

Meghalaya is a state in north-eastern India. It shares its border with Assam in the north and Bangladesh in the south. It is the state that receives maximum rainfall in India.

- **Geographical area:** 22,429 sq km
- **Capital:** Shillong
- **Administrative districts (number):** 7
- **Key languages:** Garo, Khasi, Pnar and English
- **Gross state domestic product (at FY 05 price):** \$ 2.5 billion for FY 13 and has grown at a CAGR of 8.6 percent during FY 08-FY 13
- **Economic growth rate:** 8.9 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 832.0 for FY 13 and has grown at a CAGR of 7.5 percent during FY 08-FY 13
- **Population:** 2.9 million
- **Population density:** 132 per sq km
- **Literacy rate:** 75.5 percent, according to Census 2011 (compared with 62.6 percent in 2001)

## Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Agriculture, mining, hydroelectric power, sericulture and bamboo

Note: \$ 1 = ₹ 54.4 for FY 13

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	455.3 MW
Telecom*	Wireless subscriber base (as at Feb 2013)	8.8 million
	Wireline subscriber base (as at Feb 2013)	0.2 million
Airports	No. of airports (as at April 2013)	One airport (Shillong) and one under construction (Baljek)

Note: \*Denotes figures for the entire north-eastern region

## Advantage Meghalaya

- **Single-window clearance:** To promote investments in the state, the Governor of Meghalaya has a single window agency for all investments in the state.
- **Mining and minerals:** The state has rich reserves of coal and stones and the introduction of the mining and Minerals Policy, 2012 is expected to facilitate the utilisation of mineral resources and the development of the state.
- **Institutional support:** Meghalaya provides support through various central and state government agencies, like the North East Council and Meghalaya Industrial Development Corporation.
- **Export promotion:** The state has set up an Export Promotion Industrial Park, at Byrnihat, which facilitates development of the area by providing all infrastructure required by industrial units having export potential.
- **Strong government support:** The state has a liberalised industrial policy providing attractive incentives and subsidies with single window clearance facility. Further, the Central Government has also extended incentives for investment in the state.
- **Excellent infrastructure:** The state figures among the states with well-developed infrastructure in the Northeastern region. The state is power surplus with excellent transportation, communication, banking, medical facilities and education facilities.

# Mizoram

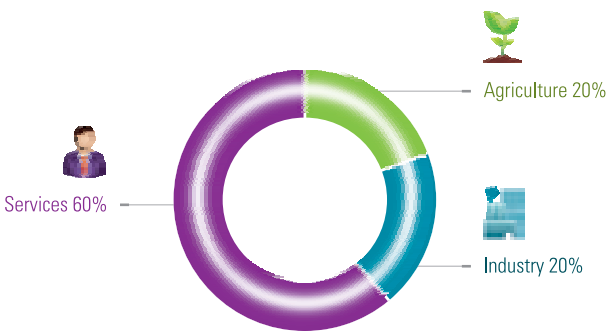


## Socio-economic and demographic overview

Mizoram is a hilly state, at an altitude of 1,000 metres, located in the north-east and it shares its borders with the states of Manipur, Tripura and Assam, and the neighbouring countries of Bangladesh and Myanmar.

- **Geographical area:** 21,081 sq km
- **Capital:** Aizwal
- **Administrative districts (number):** 8
- **Key languages:** Mizo and English
- **Gross state domestic product (at FY 05 prices):** \$ 1.0 billion in FY 13, growing at a CAGR of 10.7 percent during FY 08-FY 13 (estimate)
- **Economic growth rate:** 10.4 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 719.5 in FY 13, growing at a CAGR of 6.6 percent during FY 08-FY 13
- **Population:** 1.1 million
- **Population density:** 52 per sq km
- **Literacy rate:** 91.6 percent, according to Census 2011 (compared with 88.8 percent in 2001)

### Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Horticulture, bamboo, sericulture, tourism

Note: \$ 1 = ₹ 54.4 for FY 13

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	149.9 MW
Telecom*	Wireless subscriber base (as at February 2013)	8.8 million
	Wireline subscriber base (as at February 2013)	0.2 million

Note: \*The data is an aggregate for all north-eastern states

## Advantage Mizoram

- **Abundant natural resources:** The state boasts 14 percent to the country's total bamboo production. Its climate and soil are ideal for setting up agricultural and forestry produce-based industries.
- **Easy trade access:** Mizoram shares its borders with Myanmar and Bangladesh, offering a gateway to trade with Southeast Asian countries.
- **Policy incentives:** Mizoram offers incentives for the promotion of export-oriented industries. The improved road, rail and air connectivity is also contributing towards the growth of trade.



# Nagaland

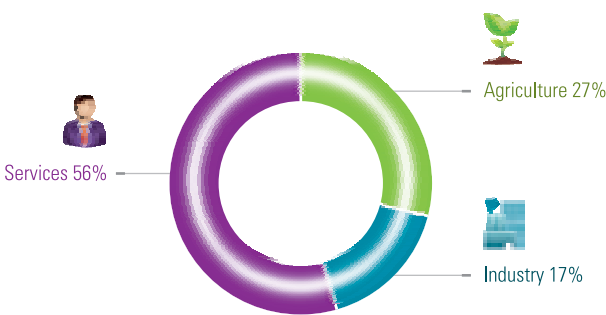


## Socio-economic and demographic overview

The state of Nagaland is one of the seven north-eastern states, bordering the Indian states of Assam, Arunachal Pradesh and Manipur as well as India's neighbour Myanmar.

- **Geographical area:** 16,579 sq km
- **Capital:** Kohima
- **Administrative districts (number):** 11
- **Key languages:** English
- **Gross state domestic product (at FY 05 price):** \$ 1.8 billion in FY 13, growing at a CAGR of 5.8 percent during FY 08-FY 13
- **Economic growth rate:** 5.3 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 808.2 in FY 13, growing at a CAGR of 3.3 percent during FY 08-FY 13
- **Population:** 1.9 million
- **Population density:** 119 per sq km
- **Literacy rate:** 80.1 percent, according to Census 2011 (compared with 66.6 percent in 2001)

### Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Bamboo, horticulture, sericulture, tourism and agro-processing

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	116.8 MW
Telecom*	Wireless subscriber base (as at Feb 2013)	8.8 million
	Wireline subscriber base (as at Feb 2013)	0.2 million

Note: \*The data is an aggregate for all north-eastern states

## Advantage Nagaland

- **Institutional support and fiscal incentives:** The state provides institutional support through agencies, such as the North East Council and Nagaland Industrial Development Council, offers policy/fiscal incentives for most of the dominant industries and facilitates the development of infrastructure including SEZs.
- **Skilled manpower:** A high literacy rate of 80.1 percent coupled with a majority English-speaking population ensures the availability of skilled labour.
- **Favourable natural conditions:** The state is endowed with fertile soil and sublime climate making it an ideal destination for agri-based investments. The state's hilly regions are home to many medicinal herbs and plants. All this make the state an attractive region for the promotion of horticulture.
- **Rich in mineral resources:** The state has abundant reserves of Lime Stone, Marble and Decorative Stone, Nickle, Cobalt, Chromiun Basalt, Chert, Dunite, Gabbro, Granodiorite, Serpentine, Spilite, Pyroxenite and Quartzite.
- **Tourist destination:** The state has a number of tourist destinations of historical importance including those related to the World War II and Christianity. The State Government is focused to promote the sector in the state.<sup>1</sup>

1 "Nagaland seeks slice of global tourism pie," The Times of India, 30 January 2012, accessed via Factiva

Note: \$ 1 = ₹ 54.4 for FY 13



# Odisha



## Socio-economic and demographic overview

Odisha is an eastern coastal state of India that shares its border with four other states – Jharkhand, West Bengal, Chhattisgarh and Andhra Pradesh.

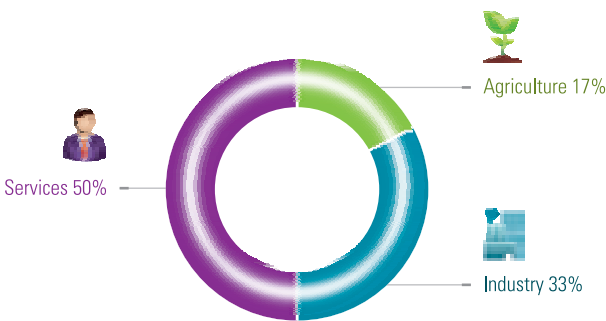
- **Geographical area:** 155,707 sq km
- **Capital:** Bhubaneswar
- **Administrative districts (number):** 30
- **Key languages:** Oriya, Hindi and English
- **Gross state domestic product (at FY 05 prices):** \$ 29.8 billion for the year FY 13, growing at a CAGR of 6.8 percent during FY 08-FY 13
- **Economic growth rate:** 9.1 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 533.9 for the year FY 13, growing at a CAGR of 3.4 percent during FY 08-FY 13
- **Population:** 41.9 million
- **Population density:** 269 per sq km
- **Literacy rate:** 73.5 percent, according to Census 2011 (compared with 63.1 percent in 2001)

- **FDI:** The state received cumulative FDI equity inflows of \$ 352 million during the period April 2000 to June 2013.

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	6,946.3 MW
Telecom	Wireless subscriber base (as at February 2013) Wireline subscriber base (as at February 2013)	24.3 million 0.4 million
Airports	No. of airports (as at April 2013)	One operational (two airports and 14 airstrips under development)
Ports	No. of ports (as at April 2013)	One major (Paradeep), two minor ports (Gopalpur, Balasore) and 11 under development

## Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Iron and steel, power, aluminum, service and power are some of the key sectors in Orissa. In addition, the state is also actively focusing on sectors such as tourism, handicrafts and food processing

## Advantage Odisha

- **Vast coastline and port infrastructure:** Odisha's coastline of 450 kilometres and good port infrastructure (one major, two minor and 11 upcoming ports) offer vast investment opportunities for export-oriented industries.
- **Strong industrial base provides fertile ground for investment:** Odisha boasts of a strong industrial base with a number of large, medium and small-scale enterprises in sectors such as steel, aluminium, food and engineering which not only provides potential partnership opportunities, but also offers a large pool of skilled and semi-skilled labour for potential investors.
- **Rich resource base:** Odisha contributes about 17 percent of India's mineral reserves and has one of the biggest reserves of minerals including iron ore, bauxite, nickel, graphite, coal and manganese in the country.

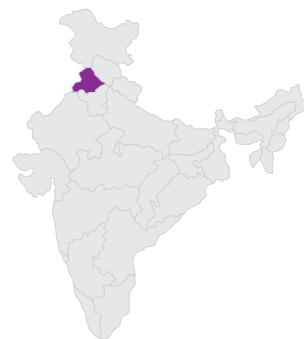
Note: \$ 1 = ₹ 54.4 for FY 13

- **Power infrastructure:** Odisha is comfortably placed in terms of energy requirements and offers good quality supply (including green power) at a competitive price to industries.
- **Industry friendly policies:** Odisha has enacted a wide range of industry friendly policies such as single window clearance; and incentives for sectors such as IT, agriculture and food processing.
- **Strong base in textile, handloom and handicrafts:** Odisha is known for its silk tassar fabrics. Cottage industries in Odisha excel in silver filigree, appliqué, stone carving, brass and bell-metal works, horn carving, terracotta and patta painting.
- **Food processing industries:** Odisha has 10 agro climatic zones and 8 major soil types. The state has 4 fishing harbour and 60 fish landing centres which make it an attractive destination for food processing business. A mega food and marine park is planned to be developed in Khurda on 282 acres of land, attracting huge investments.
- **Strong focus on skill development:** Odisha Government, in collaboration with the Gol, has decided to establish at least 12 new Industrial Training Institutes (ITIs) in the state. The government plans to increase the intake in ITIs of the state from 9,936 students currently to 46,280 students by FY17. The government has also signed a Memorandum of Understanding (MoU) with 32 companies to set up Industrial Training Centres in the state.

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1 "Odisha to set up 12 new ITIs in 2013-14: Minister," The Business Line, 31 July 2013, via Factiva



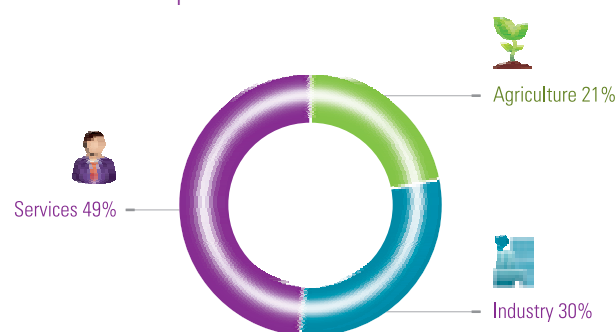


## Socio-economic and demographic overview

Punjab lies in the northern part of India and shares its border with Jammu and Kashmir to the north, Himachal Pradesh to the northeast, Haryana to the south, Rajasthan to the southwest and Pakistan to the west.

- **Geographical area:** 50,362 sq km
- **Capital:** Chandigarh
- **Administrative districts (number):** 20
- **Key languages:** Punjabi, Hindi, Urdu and English
- **Gross state domestic product (at FY 05 prices):** \$ 30.3 billion in FY 13, growing at a CAGR of 5.9 percent during FY 08-FY 13
- **Economic growth rate:** 5.2 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 891.5 in FY 13, growing at a CAGR of 4.2 percent during FY 08-FY 13
- **Population:** 27.7 million
- **Population density:** 550 per sq km
- **Literacy rate:** 76.7 percent, according to Census 2011 (compared with 69.7 percent in 2001)

### Sector-wise composition of GSDP



Source: MOSPI

1. Factsheet on Foreign Direct Investment, From April 2000 to February 2013, Ministry of Commerce and Industry, Government of India, [http://dipp.nic.in/English/Publications/FDI\\_Statistics/FDI\\_Statistics.aspx](http://dipp.nic.in/English/Publications/FDI_Statistics/FDI_Statistics.aspx)
  2. Draft annual plan 2012-13, Government of Punjab, accessed 24 April 2013
- Note: \$ 1 = ₹ 54.4 for FY 13

## Key sectors and investment

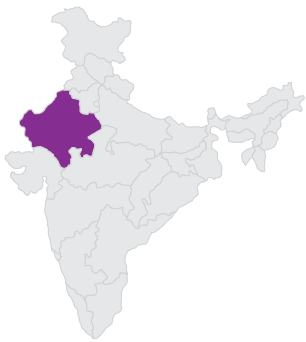
- **Key sectors:** Punjab offers good investment potential across a wide variety of sectors, ranging from agri-business (food processing, chemicals and agri-machinery) to metal and light engineering products and textiles

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	7,508.97 MW
Telecom	Wireless subscriber base (as at February 2013) Wireline subscriber base (as at February 2013)	29.3 million 1.3 million
Airports	No. of airports (as at April 2013)	Three domestic airports (Gurdaspur, Chandigarh, Ludhiana) and one international airport (Amritsar)

## Advantage Punjab

- **Strong base for agro-based industries:** Punjab, also known as India's 'food basket', is one of the largest states in the production of commodities such as wheat, sugarcane, corn and maize. The state is also involved in a wide range of activities related to horticulture, forestry, poultry and animal husbandry, which provides a strong platform for setting up agro-based industries.
- **Good intra-state and inter-state connectivity:** Connectivity with all state villages, major towns and adjoining states through road or rail. In addition, Punjab offers good air-connectivity through four airports located near its key industrial hubs.
- **Well-educated and professional workforce:** The literacy rate of the state improved from 69.7 percent in 2001 to 76.7 percent in 2011 (above the 2011 national average of 74.0 percent).



## Socio-economic and demographic overview

Rajasthan, located in the western part of India, is the largest state by area. The state shares its border with five other states – Punjab, Haryana, Uttar Pradesh, Madhya Pradesh and Gujarat.

- **Geographical area:** 342,239 sq km
- **Capital:** Jaipur
- **Administrative districts (number):** 33
- **Key languages:** Hindi, Marwari and Jaipuri (Dhundhari)
- **Gross state domestic product (at FY 05 prices):** \$ 44.1 billion in FY 13, growing at a CAGR of 8.4 percent during FY 08-FY 13
- **Economic growth rate:** 5.3 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 549.9 in FY 13, growing at a CAGR of 6.4 percent during FY 08-FY 13
- **Population:** 68.6 million
- **Population density:** 201 per sq km
- **Literacy rate:** 67.1 percent, according to Census 2011 (compared with 60.4 percent in 2001)

## Sector-wise composition of GSDP



Source: MOSPI

1. Factsheet on Foreign Direct Investment, From April 2000 to June 2013, DIPP, Ministry of Commerce and Industry, Gol

2. Rajasthan Tourism Annual Report 2012-13, Rajasthan Tourism, p5

\* Jaisalmer, Jodhpur, Udaipur, Bikaner and Kota

Note: \$ 1 = ₹ 54.4 for FY 13

## Key sectors and investment

- **Key sectors:** Cement, mining and minerals (including ceramics and marble), gems and jewellery, and power
- **FDI:** The state received cumulative FDI equity inflows of \$ 692 million during the period April 2000 to June 2013.<sup>1</sup>

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	12,155.6 MW
Telecom	Wireless subscriber base (as at February 2013)	47.8 million
	Wireline subscriber base (as at February 2013)	1.0 million
Airports	No. of airports (as at April 2013)	Five domestic airports* and one international airport (Jaipur)

## Advantage Rajasthan

- **Strong potential for tourism development:** Rajasthan is experiencing growing traffic from domestic tourists. Besides traditional tourism, new areas, such as eco-tourism, weekend tourism and 'distant heritage' tourism are fast becoming popular.<sup>2</sup>
- **Progressive policies:** The state has enacted a simplified sales tax regime to suit investors, mineral policies to encourage investment and exploration, and a single-window clearance system to reduce time and cost involved in project approvals.
- **Strong power infrastructure:** Rajasthan is comfortably placed to meet its power requirements, providing a strong platform for industrial growth. The private sector contributed nearly 38 percent of the existing power capacity as on March 2013. The state government is also focusing on driving production of clean energy sources, such as solar and biomass to meet the state's long-term sustainable energy requirement.
- **Rich pool of natural resources:** Rajasthan has a rich pool of resources, such as cement-grade, steel melting-shop grade limestone and minerals including clay, granite, gypsum and marble.

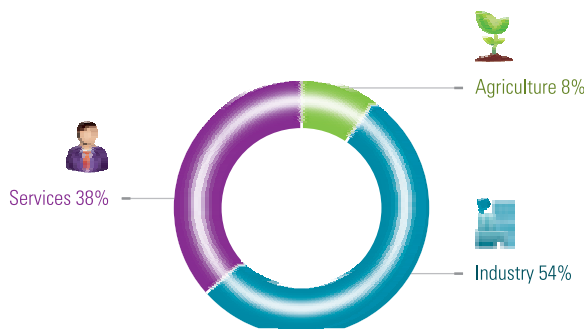


Socio-economic and demographic overview

Sikkim is a mountainous state in the Eastern Himalayan region of India, having domestic and international borders. Within India, West Bengal is situated to the south of Sikkim.

- **Geographical area:** 7,096 sq km
- **Capital:** Gangtok
- **Administrative districts (number):** 4
- **Key languages:** Nepali and English
- **Gross state domestic product (at FY 05 prices):** \$ 1.1 billion for the year FY 12 and has grown at a CAGR of 20.5 percent over FY 07-FY 12
- **Economic growth rate:** 8.2 percent in FY 12
- **Per capita net state domestic product (at FY 05 prices):** \$ 1,444 for the year FY 12 and has grown at a CAGR of 18.0 percent over FY 07-FY 12
- **Population:** 0.6 million
- **Population density:** 86 per sq km
- **Literacy rate:** 82.2 percent, according to Census 2011 (compared with 68.8 percent in 2001)

Sector-wise composition of GSDP



Source: MOSPI

Key sectors and investment

- **Key sectors:** Tea, coal, oil & gas sericulture, liquor industry, large cardamom, agriculture, food processing, information technology.

State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	206.5 MW
Telecom*	Wireless subscriber base (as at February 2013)	8.8 million
	Wireline subscriber base (as at February 2013)	0.2 million

Note: \*The data is an aggregate for all north-eastern states

Advantage Sikkim

- **Policy and fiscal incentives:** The state provides various incentives and concessions to industries for investment through the north-east Industrial Investment Promotion Policy, 2007.
- **Supportive state government:** Various central and state Government agencies of the state viz., the North East Council, Ministry of Development of North Eastern Region, Commerce and Industries Department, extend excellent institutional support.
- **Well developed infrastructure:** The state is well connected by roads (National Highway - 31A) and its connectivity through rail and air is also developing. Sikkim is one of the states with highest tele-density and is also developing optical-fibre connectivity for greater transmission bandwidths and higher data transfer rates.
- **Abundant water and availability of quality power supply:** Sikkim has abundant water resources making it an attractive preposition to produce power from renewable sources.<sup>1</sup>
- **Huge potential for floriculture:** Sikkim is home to a range of flowers, including gladioli, anthuriums, lilliums, primulas, rhododendrons and orchids (around 450 species of orchids alone are found here). This positions the state to develop floriculture on a commercial basis both for domestic and overseas markets.
- **Abundant mineral resources:** The state is rich in various geological resources, such as dolomite, coal, quartzite, graphite, lime stone, silliminite, talc, mineral water, thermal springs, building stone.

1 "Know India," Ministry of External Affairs, Government of India, accessed on 12 October 2013

Note: \$ 1 = ₹ 47.9 for FY 12

# Tamil Nadu

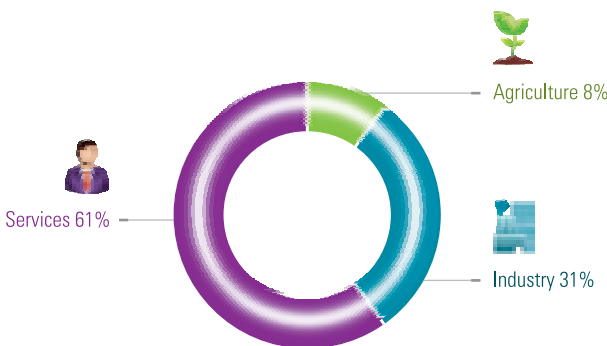


## Socio-economic and demographic overview

Tamil Nadu is the southernmost state of India. It is among the most industrialised states in the country. Coimbatore, Madurai, Thiruchirappalli, Salem, Tirunelveli and Erode are some of the key cities in the state.

- **Geographical area:** 130,058 sq km
- **Capital:** Chennai
- **Administrative districts (number):** 32
- **Key languages:** Tamil, English and Hindi
- **Gross state domestic product:** \$ 80.1 billion for FY 13 and has grown at a CAGR of 7.4 percent during FY 08-FY 13
- **Economic growth rate:** 4.6 percent in FY 13
- **Per capita net state domestic product:** The per capita NSDP for Tamil Nadu amounts to \$ 1,038.7 for FY 13 and has grown at a CAGR of 6.5 percent during FY 08-FY 13
- **Population:** 72.1 million
- **Population density:** 555 per sq km
- **Literacy rate:** 80.3 percent, according to Census 2011 (compared with 73.5 percent in 2001)

## Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Textiles, cement, heavy commercial vehicles, automobile, paper, pharmaceutical, steel, IT & ITeS

Note: \$ 1 = ₹ 54.4 for FY 13

- **FDI:** The southernmost region received foreign investment inflows amounting to \$ 11.8 billion between April 2000 and June 2013.

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	19,432.93 MW
Telecom	Wireless subscriber base (as at Feb 2013) Wireline subscriber base (as at Feb 2013)	71.8 million 3.1 million
Airports	No. of airports (as at April 2013)	Five domestic airports (Chennai, Coimbatore, Tuticorin, Salem and Madurai ) and two international airports (Chennai, Trichy)
Ports	No. of ports (as at March 2013)	Three major (Chennai, Ennore and V O Chidambaranar) and 15 minor ports

## Advantage Tamil Nadu

- **Large industrial base:** The state is a manufacturing base for a number of large and medium scale industries from diverse sectors such as automobile and auto-components, textile, cement, engineering, pharmaceuticals, etc.
- **Among the states with large FDI inflow:** The state attracted cumulative FDI inflows of \$ 10.0 billion between April 2000 and March 2013 and is amongst the highest FDI attracting states.
- **Rich labour pool and low cost of manpower:** The state has a well-qualified, skilled, disciplined, productivity-oriented and English-speaking workforce. The standard of education and educational institutions is highly rated in the country. Average wages are also lower than those of similar workforce in developed countries.
- **Facilitating infrastructure:** The state has well developed social, physical and industrial infrastructure and virtual connectivity.

# Tripura



## Socio-economic and demographic overview

Tripura lies in north-east India surrounded by Assam and Mizoram in the east and Bangladesh in the north, south, and west.

- **Geographical area:** 10,492 sq km
- **Capital:** Agartala
- **Administrative districts (number):** Eight
- **Key languages:** Bengali, Kokborok/Tripuri
- **Gross state domestic product (at FY 05 prices):** \$ 3.1 billion in FY 13, growing at a CAGR of 9.1 percent during FY08-FY13
- **Economic growth rate:** 8.6 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 780.9 in FY 13, growing at a CAGR of 7.9 percent during FY 08-FY 13
- **Population:** 3.7 million
- **Population density:** 350 per sq km
- **Literacy rate:** 87.8 percent, according to Census 2011 (compared with 73.2 percent in 2001)

### Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Natural gas, food processing, rubber, tea, bamboo, handloom and handicrafts, sericulture, tourism, IT and medicinal plants

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	412.1 MW
Telecom*	Wireless subscriber base (as at February 2013) Wireline subscriber base (as at February 2013)	8.8 million 0.2 million

Note: \*The data is an aggregate for all north-eastern states

## Advantage Tripura

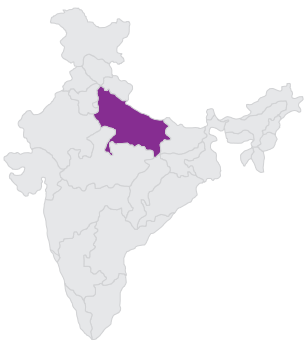
- **Natural resources:** Tripura is endowed with natural resources like natural gas, oil, rubber, tea and bamboo.
- **International trade:** Tripura is well connected with north-eastern states and Bangladesh and could be a gateway for international trade between Bangladesh and northeast India. It shares 856 km long border with Bangladesh and has seven designated land custom stations. Many major cities of Bangladesh and towns in Tripura are closely located.
- **Abundant electricity:** The state presently has a power-surplus. The power tariffs are much lower compared to other states.
- **Availability of skilled manpower:** As the majority of Tripura's population falls under the working age group, this, coupled with a literacy rate of 87.8 percent, higher than the national average rate, provides a large pool of talented manpower.
- **Strong government support for business:** The state offers an investor-friendly environment with lucrative incentive package for industries. The government has already made six industrial estates to promote various industries. The telecom infrastructure has also been upgraded by laying optical fiber network.
- **Tourist destination:** The state is famous for a number of historical Hindu and Buddhist sites. It has great potential to develop tourist circuits involving the neighbouring states.<sup>1</sup>

1 "Other Opportunities Service Sector : Tourism Health Education," Department of Industries and Commerce, Government of Tripura website, accessed on 23 October 2013

Note: \$ 1 = ₹ 54.4 for FY 13



# Uttar Pradesh

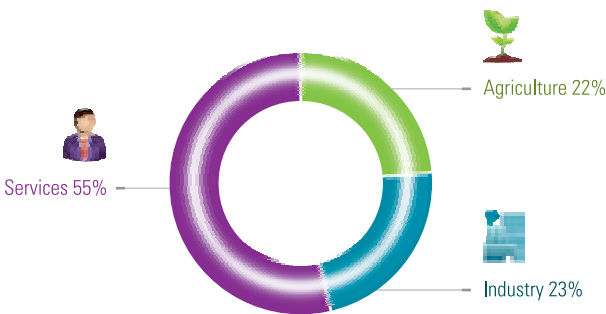


## Socio-economic and demographic overview

Uttar Pradesh is located in northern India and is among the country's most populous states. It shares its borders with Himachal Pradesh to the north; Uttarakhand and Nepal to the north-east; Bihar to the east; Jharkhand, Chhattisgarh and Madhya Pradesh to the south; Rajasthan to south-west and Delhi and Haryana to the west.

- **Geographical area:** 240,928 sq km
- **Capital:** Lucknow
- **Administrative districts (number):** 71
- **Key languages:** Hindi, Urdu and English
- **Gross state domestic product:** \$ 82.0 billion in FY 13, growing at a CAGR of 6.7 percent during FY 08-FY 13<sup>1</sup>
- **Economic growth rate:** 5.4 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 3475 in FY 13, growing at a CAGR of 6.8 percent during FY 08-FY 13
- **Population:** 199.6 million
- **Population density:** 828 per sq km
- **Literacy rate:** 69.7 percent, according to Census 2011 (compared with 56.3 percent in 2001)

### Sector-wise composition of GSDP



Source: MOSPI

1. Uttar Pradesh Population Census data 2011," Census-2011.co.in, <http://www.census2011.co.in/census/state/uttar+pradesh.html>, accessed on 28 April 2013

Note: \$ 1 = ₹ 54.4 for FY 13

## Key sectors and investment

- **Key sectors:** Uttar Pradesh offers good investment potential for sectors such as manufacturing, cement and sugar.

## State of infrastructure

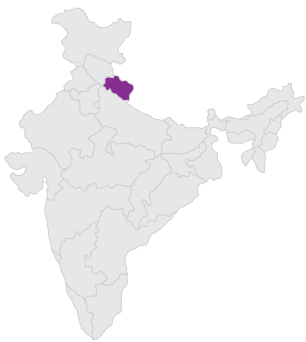
Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	14,293.9 MW
Telecom	Wireless subscriber base (as at Feb 2013) Wireline subscriber base (as at Feb 2013)	121.6 million 1.8 million
Airports	No. of airports (as at June 2012)	Four domestic airports (Agra, Kanpur, Allahabad, Gorakhpur) and two international airports (Lucknow, Varanasi)

## Advantage Uttar Pradesh

- **Large workforce:** The state is home to a large base of skilled, semi-skilled and unskilled labour, making it an ideal destination for all kinds of sectors.
- **Robust infrastructure:** Well developed infrastructure provides good intra-state and inter-state connectivity through four national highways, six airports and rail links to all major cities.
- **Progressive government policies:** The state government has provided several incentives under the Industrial and Service Sector Investment Policy, 2004 (including subsidies and other concessions).



# Uttarakhand

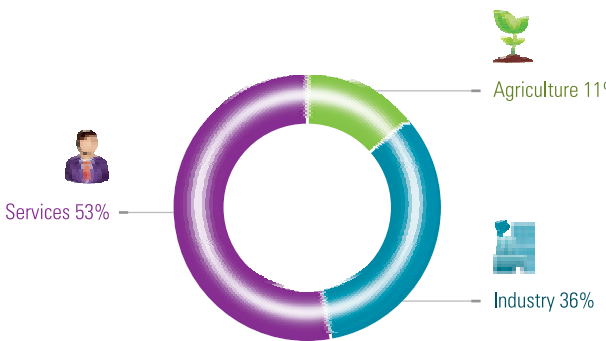


## Socio-economic and demographic overview

Uttarakhand, situated in northern India, shares borders with Himachal Pradesh in the north, Nepal in the south-east, Uttar Pradesh in the south and Delhi and Haryana to the north-west.

- **Geographical area:** 53,483 sq km
- **Capital:** Dehradun
- **Administrative districts (number):** 13
- **Key languages:** Hindi, Garhwali, Kumaoni and English
- **Gross state domestic product (at FY 05 prices):** \$ 11.5 billion in FY 13, growing at a CAGR of 10.5 percent during FY 08-FY 13
- **Economic growth rate:** 6.9 percent in FY 13
- **Per capita net state domestic product (at FY05 prices):** \$ 967.7 in FY 13, growing at a CAGR of 4.2 percent during FY 08-FY 13
- **Population:** 10.1 million
- **Population density:** 189 per sq km
- **Literacy rate:** 79.6 percent, according to Census 2011 (compared with 71.6 percent in 2001).

## Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** Uttarakhand is a popular state for tourism in the north. Its low to moderate temperature is suitable for agro and food processing, floriculture and horticulture based industries

Note: \$ 1 = ₹ 54.4 for FY 13

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	2,560.6 MW
Airports	No. of airports (as at April 2013)	Three airports (Dehradun, Pantnagar, Chakrata air force)

## Advantage Uttarakhand

- **Abundant natural resources:** Located on the hills, the state has a wide variety of flora and fauna. The state has vast water resources which can help the state become an energy state. Only 9 percent of the total hydropower potential of the state has been tapped till now.
- **Presence of good higher education institutions:** The state boasts some eminent higher education institutions, such as the IIT Roorkee, University of Petroleum and Energy Studies, Dehradun etc.
- **Policy and fiscal incentives:** Due to its keenness to promote investments in the state, the government has provided a host of incentives in the form of lower interest rates, tax exemptions, subsidies etc.
- **Immense potential for tourism:** The state has immense potential for tourism offering a vast array of options including mountains, leisure, spiritual, adventurous, religious, eco-traditional and high-end tourism places.
- **Rich mineral base:** The state has rich mineral deposits of limestone, soapstone, magnesite etc.



# West Bengal



## Socio-economic and demographic overview

West Bengal is located in the eastern part of the country. It shares its border with Nepal and Bhutan to the north, Assam and Meghalaya to the north-east, Bangladesh to the east, Odisha to the south-west, Jharkhand to the west and Bihar to the north-west.

- **Geographical area:** 88,752 sq km
- **Capital:** Kolkata
- **Administrative districts (number):** 19
- **Key languages:** Bengali, Hindi and English
- **Gross state domestic product:** \$ 67.3 billion in FY 13, growing at a CAGR of 7.3 percent during FY 08-FY 13
- **Economic growth rate:** 7.7 percent in FY 13
- **Per capita net state domestic product (at FY 05 prices):** \$ 671.0 in FY 13, growing at a CAGR of 7.1 percent during FY 08-FY 13
- **Population:** 91.3 million
- **Population density:** 1,029 per sq km
- **Literacy rate:** 77.1 percent, according to Census 2011 (compared with 68.6 percent in 2001)

## Sector-wise composition of GSDP



Source: MOSPI

## Key sectors and investment

- **Key sectors:** West Bengal offers good investment potential across a wide variety of sectors, ranging from jute, leather, tea, iron and steel, petroleum to cement.

## State of infrastructure

Sector	Parameters	Size
Electricity	Installed power capacity (as at March 2013)	8,616.3 MW
Telecom	Wireless subscriber base (as at Feb 2013)	40.8 million
	Wireline subscriber base (as at Feb 2013)	0.6 million
Airports	No. of domestic and international airports (as at April 2013)	Domestic (Bagdogra)
		International (Netaji Subhash Chandra Bose)
Railways	Length of railway lines	More than 4,200 km
	Railway stations	820
	Passengers handled	1.5 billion

## Advantage West Bengal

- **Geographical advantage:** The state has a distinct location advantage as it is the gateway to the east and south-east Asia (via north-eastern states). It is well connected by all means of transport and provides excellent connectivity, both domestic and international. Major stretches of the golden quadrilateral project also pass through the northern districts of the state.
- **Abundant natural resources:** West Bengal has abundant natural resources of minerals such as coal, limestone, granite etc., and the renowned Raniganj coal belt. Besides this, agro-climatic conditions are suitable for agriculture, horticulture and fisheries.
- **Large industrial base:** The state has 12 operational growth centres developed by the West Bengal Industrial Infrastructure Development Corporation, while three are being developed on a PPP basis. This, coupled with low cost of running business operations makes the state an attractive destination for setting up business.
- **Government support:** The government intends on establishing the state as an eastern region IT hub.<sup>1</sup> Besides this, the state government has created a single window facility, ‘Shilpa Sathi’ to attract investment and promote industrial growth.<sup>2</sup>

1. Transforming West Bengal into an IT Hub,” Nasscom, <http://www.nasscom.org/transforming-west-bengal-it-hub?fg=162893>; “West Bengal government to set up IT hub in Kolkata,” The EconomicTimes, 17 June 2012

2. WBIDC, <http://www.wbidc.com/overview/function.htm>, accessed on 28 April 2013

# Glossary

ACD	Additional Customs Duty	DRDO	Defence Research and Development Organisation
ADRs	American Depository Receipts	DRP	Dispute Resolution Panel
AGM	Annual General Meeting	DTAA	Double Taxation Avoidance Agreement
AIM	Association of Indian Magazines	DTC	Direct Taxes Code
ALP	Arm's Length Price	EBITDA	Earnings Before Interest Tax Depreciation and Amortisations
AMT	Alternate Minimum Tax	ECB	External Commercial Borrowings
APA	Advance Pricing Agreements	EEFC	Exchange Earners' Foreign Currency
ARC	Asset Reconstruction Companies	EoUs	Export Oriented Units
ARPU	Average Revenue per User	EPC	Engineering, Procurement and Construction
ASEAN	Association of Southeast Asian Nations	EPCEs	Export Promotion Council for EoUs and SEZs
BCD	Basic Customs Duty	EPCG	Export Promotion Capital Goods
BO	Branch Office	ESDM	Electronic System Design and Manufacturing
BOT	Built, Operate and Transfer	FCCB	Foreign Currency Convertible Bonds
BP	British Petroleum	FCEBs	Foreign Currency Exchangeable Bonds
BSE	Bombay Stock Exchange	FDI	Foreign Direct Investment
BTKMs	Billion Tonne Kilometers	FEMA	Foreign Exchange Management Act, 1999
CAGR	Compound Annual Growth Rate	FI	Foreign investment
CBDT	Central Board of Direct Taxes	FICCI	Federation of Indian Chambers of Commerce and Industry
CFCs	Controlled Foreign Companies	FIIs	Foreign Institutional Investors
CFS	Container Freight Stations	FIPB	Foreign Investment Promotion Board
CGD	City Gas Distribution	FMCG	Fast Moving Consumer Goods
CGST	Central Goods and Services Tax	FTP	Foreign Trade Policy
CLB	Company Law Board	FTS	Fees for Technical Services
CNG	Compressed Natural Gas	FVCI	Foreign Venture Capital Investor
CPLM	Cost Plus Method	GAAR	General Anti-Avoidance Rules
CRAMS	Contract Research and Manufacturing	GDP	Gross Domestic Product
CST	Central Sales Tax	GDRs	Global Depository Receipts
CTT	Commodity Transaction Tax	GJEPC	Gems and Jewellery Export Promotion Council
CUP	Comparable Uncontrolled Price	GM	Genetically Modified
DAC	Defence Acquisition Council	GoI	Government of India
DAS	Direct-Attached Storage	GSDP	Gross State Domestic Product
DCF	Discounted Cash Flow	GST	Goods and Services Tax
DDT	Dividend Distribution Tax	GW	Giga Watts
DFC	Dedicated Freight Corridors	HD	High Definition
DFIA	Duty Free Import Authorisation	HSN	Harmonised System of Nomenclature
DGH	Directorate General of Hydrocarbons	IEA	International Energy Agency
DGP	Director General of Police	IFSCs	International Financial Services Centre
DIPP	Department of Industrial Policy and Promotion	IPOs	Initial Public Offers
DMIC	Delhi-Mumbai Industrial Corridor		
DPSUs	Defence Public Sector Undertakings		

IRDA	Insurance Regulatory and Development Authority	OEMs	Original Equipment Manufacturers
IREDA	Indian Renewable Energy Development Agency	OOH	Out of Home
IRTEX	Indian Road Transportation Exchange	PE	Permanent Establishment
IT-BPO	Information Technology-Business Process Outsourcing	PEq	Private Equity
ITeS	Information Technology enabled Services	PIOs	Persons of Indian Origins
ITIR	Information Technology Investment Region	PIS	Portfolio Investment Scheme
ITIs	Industrial Training Institutes	PNGRB	Petroleum and Natural Gas Regulatory Board
ITP	Investment and Technology Promotion	PO	Project Office
JNNSM	Jawaharlal Nehru National Solar Mission	POL	Petroleum, Oil and Lubricants
kWh	Kilo Watt Hour	PPAC	Petroleum Planning and Analysis Cell
LBT	Local Body Tax	PPP	Public Private Partnership
LLP	Limited Liability Partnership	PSM	Profit Split Method
LO	Liaison Office	PSUs	Public Sector Undertakings
LNG	Liquefied Natural Gas	QFIs	Qualified Foreign Investors
LPG	Liquefied Petroleum Gas	R&D	Research and Development
M&A	Mergers and Acquisitions	RBI	Reserve Bank of India
M&E	Media and Entertainment	RfP	Request for Proposal
MAM	Most Appropriate Method	RIL	Reliance Industries Limited
MAP	Mutual Agreement Procedure	RoC	Registrar of Companies
MAT	Minimum Alternate Tax	RPM	Resale Price Method
MBRT	Multi Brand Retail Trade	SAD	Special Additional Duty
MHA	Ministry of Home Affairs	SBRT	Single Brand Retail Trade
MMT	Million Metric Tonnes	SDT	Specified Domestic Transactions
MNCs	Multi National Companies	SEBI	Securities and Exchange Board of India
MNRE	Ministry of New and Renewable Energy	SEZ	Special Economic Zone
MoA	Memorandum of Association	SFIS	Served from India Scheme
MoU	Memorandum of Understanding	SGST	State Goods and Services Tax
MRO	Maintenance, Repair and Overhaul	SITP	Scheme for Integrated Textile Parks
MT	Million Tonnes	SMEs	Small and Medium Enterprises
MTPA	Million Tonnes Per Annum	STT	Securities Transaction Tax
MW	Mega Watts	SUVs	Sports Utility Vehicles
NBFCs	Non-Banking Financial Companies	TCF	Trillion Cubic Feet
NCAER	National Council for Applied Economic Research	TNMM	Transactional Net Margin Method
NCR	National Capital Region	TRAI	Telecom Regulatory Authority of India
NGOs	Non-governmental Organisations	TRC	Tax Residency Certificate
NHDP	National Highways Development Project	TRPs	Television Rating Points
NOFN	National Optical Fibre Network	TUFS	Technology Upgradation Fund Scheme
NRI	Non-resident Indians	UT	Union Territory
NSDC	National Skill Development Council	VAT	Value Added Tax
NSDP	Net State Domestic Product	VCC	Venture Capital Companies
NSSO	National Sample Survey Organisation	VCF	Venture Capital Funds
OBUs	Offshore Banking Units	VCU	Venture Capital Undertaking
		VoD	Video-on-Demand
		WTTC	World Travel and Tourism Council

# Useful Information

## Overview of the Indian economy

### Important web links

SEBI: <http://www.sebi.gov.in/>

Invest in India: <http://www.investinginindia.in/>

ITP Website: <http://www.indiainbusiness.nic.in/about.htm>

MOSPI: <http://mospi.nic.in/>

Planning Commission: <http://planningcommission.nic.in/>

RBI: <http://www.rbi.org.in/home.aspx>

Web Links (Directory) to Key Government Ministries: <http://india.gov.in/outerwin.php?id=http://goidirectory.nic.in/>

## Sector profiles

### Automotive

#### Useful Web Links

- Society for Indian Automobile Manufacturers: <http://www.siamindia.com/>
- Department of Heavy Industries: <http://dhi.nic.in/>
- Automotive Component Manufacturers Association of India: <http://www.acmainfo.com>
- Department of Industrial Policy & Promotion: <http://dipp.nic.in>

### Biotechnology

#### Useful Web Links

- Association of Biotechnology Led Enterprises: <http://www.ableindia.org>
- All India Biotech Association: <http://www.aibaonline.com>
- Department of Industrial Policy & Promotion: <http://www.dipp.nic.in>

### Cement

#### Useful Web Links

- Cement Manufacturers Association: <http://www.cmaindia.org/>
- Department of Industrial Policy & Promotion: <http://dipp.nic.in/>

### Chemicals

#### Useful Web Links

- Department of Chemicals, Gol: [www.chemicals.nic.in](http://www.chemicals.nic.in)

### Civil Aviation

#### Useful Web Links

- Ministry of Civil Aviation: <http://www.civilaviation.gov.in/>

### Defence

#### Useful Web Links

- Ministry of Defence, Gol: <http://mod.nic.in/>
- DRDO: <http://drdo.gov.in/>
- Ordnance Factory Board: <http://ofbindia.gov.in/>

### Education

#### Useful Web Links

- Website of Ministry of Education: <http://mhrd.gov.in/>
- Department of Industrial Policy & Promotion: <http://dipp.nic.in/>

### Electronic System Design & Manufacturing

#### Useful Web Links

- Ministry of Information Technology, Gol: <http://deity.gov.in/esdm>
- India Electronics and Semiconductor Association: <http://www.iesaonline.org/>

### Food Processing

#### Useful Web Links

- Ministry of Food Processing Industries: <http://www.mofpi.nic.in>
- Agricultural and Processed food products Export Development Authority: <http://www.apeda.com>
- Marine Products Export Development Authority: <http://www.mpeda.com/>
- Department of Industrial Policy and Promotion: <http://dipp.nic.in/>

## Gems and Jewellery Sector

### Useful Web Links

- Gem and Jewellery Export Promotion Council: <http://giepc.org/giepc/>
- Department of Industrial Policy and Promotion: <http://dipp.nic.in/>

## Healthcare

### Useful Web Links

- The Ministry of Health and Family Welfare: <http://mohfw.nic.in/>
- Department of Industrial Policy and Promotion: <http://www.dipp.nic.in>

## Insurance

### Useful Web Links

- Insurance Regulatory and Development Authority: <http://www.irda.gov.in>
- Life Insurance Council: <http://www.lifeinscouncil.org/>
- General Insurance Council: <http://www.gicouncil.in/>

## Information Technology- Business Process Outsourcing Sector

### Useful Web Links

- NASSCOM: <http://www.nasscom.org/>

## Media & Entertainment

### Useful Web Links

- Federation of Indian Chambers of Commerce & Industry: <http://www.ficci-frames.com/about.htm>
- Indian Broadcasting Foundation: <http://ibfindia.com/>
- The Association of Indian Magazines: <http://www.aim.org.in/>

## Metals & Mining

### Useful Web Links

- Ministry of Mines: <http://mines.nic.in/>
- Ministry of Steel: <http://www.steel.gov.in/>
- Ministry of Coal: <http://www.coal.nic.in/>
- Department of Industrial Policy and Promotion: <http://dipp.nic.in/>

## Oil & Gas

### Useful Web Links

- Ministry of Petroleum and Natural Gas: <http://www.petroleum.nic.in>
- Petroleum Planning and Analysis Cell: <http://www.ppac.org.in>
- Directorate General of Hydrocarbons: <http://www.dghindia.org>
- Petroleum and Natural Gas Regulatory Board: <http://www.pngrb.gov.in/>

## Pharmaceuticals

### Useful Web Links

- Department of Pharmaceuticals: <http://pharmaceuticals.gov.in/>
- Organisation of Pharmaceutical Producers of India: <http://www.indiaoppi.com/>
- Pharmaceutical Export Promotion Council of India: <http://www.pharmexcil.org>
- Department of Industrial Policy and Promotion: <http://dipp.nic.in/>

## Ports

### Useful Web Links

- Department of Shipping: <http://shipping.nic.in>
- Indian Ports Association: <http://www.ipa.nic.in>
- Department of Industrial Policy and Promotion: <http://dipp.nic.in/>

## Power

### Useful Web Links

- Ministry of Power: <http://powermin.nic.in/>
- Central Electricity Authority: <http://www.cea.nic.in/>
- Central Electricity Regulatory Commission: <http://www.cercind.gov.in/>
- Department of Industrial Policy & Promotion: <http://dipp.nic.in/>

## Renewable Energy

### Useful Web Links

- Ministry of New and Renewable Energy: [www.mnre.gov.in](http://www.mnre.gov.in)



- India Renewable Energy Development Agency: [www.ireda.gov.in](http://www.ireda.gov.in)
- Centre for Wind Energy Technology: [www.cwet.tn.nic.in](http://www.cwet.tn.nic.in)

## Retail

### Useful Web Links

- Department of Industrial Policy and Promotion: <http://dipp.nic.in/>

## Roads and Highways

### Useful Web Links

- Department of Road Transport and Highways: <http://morth.nic.in>

## Telecommunication

### Useful Web Links

- Ministry of Communication and Information Technology: <http://www.dot.gov.in/>
- Department of Telecommunications: <http://www.dot.gov.in/osp/osp.html>
- Telecom Regulatory Authority of India: <http://traf.gov.in/>

## Textiles

### Useful Web Links

- Ministry of Textiles: <http://texmin.nic.in/>
- Apparel Export Promotion Council: <http://www.aepcindia.com/portal/index.asp>

## Tourism

### Useful Web Links

- Ministry of Tourism and Culture: <http://tourism.nic.in/>
- World Travel & Tourism Council: <http://www.wttc.org/>

## State profiles

### Andhra Pradesh

#### Useful Web Links

Government of Andhra Pradesh:

<http://www.aponline.gov.in/apportal/index.asp>

Commissionerate of Industries: <http://www.apind.gov.in/>

### Contact details

#### Andhra Pradesh Industrial Development Corporation Limited

Parisrama Bavan,  
5-9-58/B, Fateh Maidan Roa,  
Hyderabad – 500 004, A.P. (INDIA).  
Phone: +91-40-23235253-56.  
Fax: +91-40-23235516, 23236756.

Email: [apidc@ap.gov.in](mailto:apidc@ap.gov.in)

### Arunachal Pradesh

#### Useful Web Links

Government of Arunachal Pradesh:

<http://arunachalpradesh.nic.in>

State Departments:

<http://arunachalipr.gov.in/StateDepData.htm>

### Contact details

#### Arunachal Pradesh Industrial Development & Financial Corporation

Managing Director  
C-Sector, Itanagar - 791111  
Phone: +91-0360-212672

### Assam

#### Useful Web Links

Government of Assam:

<http://assamgovt.nic.in>

### Contact details

#### Assam Industrial Development Corporation Ltd.

R.G. Barua Road, Guwahati – 781 024  
Phone: +91-361-2201215, 2202216  
Fax: +91-361-2202017  
Email: [aidcltd1@sancharnet.in](mailto:aidcltd1@sancharnet.in)

### Bihar

#### Useful web links

Government of Bihar: <http://gov.bih.nic.in/>

### Contact details

#### Udyog Mitra

Indira Bhawan, Ramcharitra Singh Path  
Patna – 800 001  
Phone: +91-0612-2232695  
Email: [udyogmitrabihar@yahoo.co.in](mailto:udyogmitrabihar@yahoo.co.in)  
Website: [www.industries.bih.nic.in](http://www.industries.bih.nic.in)

## Chhattisgarh

### Useful web links

Government of Chhattisgarh:  
<http://chhattisgarh.nic.in/>

### Contact details

#### **Chhattisgarh State Industrial Development Corporation**

1st floor, Udyog Bhawan, Ring Road No. 1  
Telibandha, Raipur-492006, Chhattisgarh, India  
Phone: +91-771-2583789/2583790; Fax: 2583794  
Email: [csidc.cg@nic.in](mailto:csidc.cg@nic.in)

## Delhi/National Capital Territory

### Useful web links

Government of Delhi:  
<http://delhi.gov.in/wps/wcm/connect/doit/Delhi+Govt/Delhi+Home>  
Delhi State Industrial and Infrastructure Development Corporation:  
<http://dsiidc.org/cms/>

### Contact details

#### **Delhi State Industrial and Infrastructure Development Corporation**

N-Block, Bombay Life Building, Connaught Circus  
New Delhi-110001, India  
Phone and Fax: +91-011-23314231-33/23351026  
Email: [support@dsiidc.org](mailto:support@dsiidc.org)

## Goa

### Useful web links

Government of Goa:  
<http://www.goa.gov.in/home.html>  
Directorate of Industries, Trade and Commerce  
<http://www.goaditc.gov.in/policies.html>  
Goa Industrial Development Corporation  
<http://www.goaidc.com/home.html>  
Goa Chambers of Commerce and Industry  
<http://www.goachamber.org/html/index.php>

### Contact details

#### **Goa Industrial Development Corporation**

Phone: +91-832-2437470-73  
Fax: +91-832-2437478-79  
Email: [goaidc1965@gmail.com](mailto:goaidc1965@gmail.com)

## Gujarat

### Useful web links

Government of Gujarat:  
<http://www.gujaratindia.com/>

### Contact details

#### **Gujarat Chamber of Commerce & Industry**

Shri Ambica Mills - Gujarat Chamber Building,  
Ashram Road, Ahmedabad - 380 009, India  
Phone: 00-91-79-2658 23 01/2/3/4  
Email: [president@gujaratchamber.org](mailto:president@gujaratchamber.org)

## Haryana

### Useful web links

Government of Haryana:  
<http://haryana.gov.in/>  
Investment Promotion Center, Government of Haryana  
[www.haryanainvest.org](http://www.haryanainvest.org)

### Contact details

#### **Department of Industries & Commerce, Haryana**

1st Floor, 30 Bays Building, Sector-17,  
Chandigarh, Haryana  
Phone: 0172-2701344, 2716296  
Email: [ipcharyana@yahoo.com](mailto:ipcharyana@yahoo.com)

## Himachal Pradesh

### Useful web links

Government of Himachal Pradesh  
<http://himachal.nic.in/welcome.asp>  
Department of Industries  
<http://himachal.gov.in/industry/welcomelat.htm>

### Contact details

#### **Department of Industries**

Mohan Chauhan, Commissioner Industries  
Phone: +91-0177-2813414  
Email: [dirindus-hp@nic.in](mailto:dirindus-hp@nic.in)

## Jammu and Kashmir

### Useful web links

Government of Jammu and Kashmir  
<http://jammukashmir.nic.in/>  
Jammu and Kashmir State Industrial Development Corporation: <http://www.jksidco.org>

## Contact details

### Jammu and Kashmir State Industrial Development Corporation

Drabu House, Rambagh  
Srinagar-190015, J&K, India  
Phone: +91-194-2430036, 2434402  
Fax: +91-194-2430036

## Jharkhand

### Useful web links

Government of Jharkhand:  
<http://jharkhand.nic.in/>  
Department of Industry:  
<http://jharkhandindustry.gov.in/index.html>

## Contact details

### Department of Industry

Himani Pande, Director Industries  
Department of Industries, Government of Jharkhand  
Nepal House, Doranda, Ranchi – 83400 1, Jharkhand  
Phone: +91-0651-2491844 Email: [jhr-doi@nic.in](mailto:jhr-doi@nic.in)

## Karnataka

### Useful web links

Government of Karnataka  
<http://www.karnataka.gov.in>  
Karnataka Udyog Mitra  
<http://www.kumbangalore.com/>

## Contact details

### Directorate of Industries and Commerce

2nd floor, Khanija Bhavan, Race Course Road  
Bangalore-560001, India  
Email: [commissioner@karnatakaindustry.gov.in](mailto:commissioner@karnatakaindustry.gov.in)

## Kerala

### Useful web links

Government of Kerala:  
<http://www.kerala.gov.in>

## Contact details

### Directorate of Industries and Commerce

Vikas Bhavan PO, Thiruvananthapuram  
Kerala-695033, India  
Phone: +91-471-2302774; Fax: 2305493  
Email: [tvm\\_dindust@sancharnet.in](mailto:tvm_dindust@sancharnet.in)

## Kerala State Industrial Development Corporation

Keston Road, Kowdiar, Thiruvananthapuram  
Kerala-695003, India  
Phone: +91-471-2318922  
Fax: +91-471-2315893  
Email: [info@ksidc.org](mailto:info@ksidc.org)

## Madhya Pradesh

### Useful web links

Government of Madhya Pradesh:  
<http://www.mp.gov.in/>  
Madhya Pradesh State Industrial Development Corporation  
<http://mpsids.org/>

## Contact details

### Directorate of Industries, Madhya Pradesh

T. Dharma Rao, IAS Industries Commissioner  
Directorate of Industries, Madhya Pradesh  
Phone: +91-0755-2677988  
Email: [indsbpl@mp.nic.in](mailto:indsbpl@mp.nic.in)

## Maharashtra

### Useful web links

Government of Maharashtra  
<http://www.maharashtra.gov.in>  
Maharashtra Industrial Development Corporation  
<http://www.midcindia.org/>

## Contact details

### Maharashtra Industrial Development Corporation

Shri Bhushan Gagrani, (I.A.S.)  
Chief Executive Officer  
Phone: +91-022-26870800/26870027/52/54  
Fax: +91-022-26871587/22188203  
Email: [ceo@midcindia.org](mailto:ceo@midcindia.org)

## Manipur

### Useful web links

Government of Manipur:  
<http://manipur.nic.in/>  
Invest in Manipur:  
<http://investinmanipur.nic.in/>

## Contact details

### Department of Commerce and Industry

B. John Tlangtinkhuma, IAS, Director  
Manipur, India

Phone: +91-0385-2414220  
Email: [dcimanipur@gmail.com](mailto:dcimanipur@gmail.com)

## Meghalaya

### Useful web links

Government of Meghalaya  
<https://meghalaya.gov.in:8443/megportal/>  
Invest in Meghalaya: <http://megindustry.gov.in>

### Contact details

#### Director to Commerce and Industries

W. Langstang  
Administrative Building, Lower Lachumiere  
East Khasi Hills, Shillong-793001, Meghalaya, India  
Email: [industries-meg@nic.in](mailto:industries-meg@nic.in)

## Mizoram

### Useful web links

Government of Mizoram:  
<http://mizoram.nic.in/>  
Invest in Mizoram:  
<http://investinmizoram.nic.in/>

### Contact details

#### Directorate of Trade and Commerce

Dr C. Lalziriana, Director, Trade & Commerce  
Department  
Project Veng, Kolasib, MZ 796081

## Nagaland

### Useful web links

Government of Nagaland:  
<http://www.nagaland.nic.in>

### Contact details

#### Nagaland Industrial Development Corporation

IDC House, Dimapur-797112  
Nagaland, India  
Phone: +91-3862-230571/72; Fax: +91-3862-226473  
Email: [nidc@nagaind.com](mailto:nidc@nagaind.com)

## Odisha

### Useful web links

Government of Orissa  
<http://orissa.gov.in/Portal/default.asp>

Industrial Promotion and Investment Corporation of  
Odisha  
<http://www.ipicolorissa.com>  
Department of Industries  
<http://www.orissa.gov.in/industries/index.htm>  
Team Orissa  
<http://teamorissa.org/download.asp>

### Contact details

#### Industrial Promotion and Investment Corporation of Odisha Limited

IPICOL House, Janpath  
Bhubaneswar-751022, Orissa, India  
Phone: +91-0674-2542601/02/03  
Fax: +91-0674-2543766  
Email: [info@teamorissa.org](mailto:info@teamorissa.org)

#### Directorate of Industries

Killa Maidan, Cuttack-753 001, Orissa, India  
Phone: +91-0674-2536640  
Fax: +91-0674-2536819  
Email: [diorissa@ori.nic.in](mailto:diorissa@ori.nic.in)

## Punjab

### Useful web links

Government of Punjab:  
<http://www.punjabgovt.gov.in>  
Department of Industries:  
<http://www.pbindustries.gov.in>

### Contact details

#### Punjab State Industrial Development Corporation

Udyog Bhawan, 18, Himalaya Marg,  
Sector – 17, Chandigarh, India  
Phone: +91-172-2702881-84, 2702791  
Fax: +91-172-704145  
Email: [psidc@rediffmail.com](mailto:psidc@rediffmail.com); [psidcltd@yahoo.co.in](mailto:psidcltd@yahoo.co.in)

## Rajasthan

### Useful web links

Government of Rajasthan: <http://www.rajasthan.gov.in>  
Rajasthan State Industrial Development & Investment  
Corporation Department Ltd: <http://www.riico.co.in>

### Contact details

#### Rajasthan State Industrial Development & Investment Corporation

Udyog Bhawan, Tilak Marg, Jaipur, Rajasthan, India  
Phone: +91-141-5113200  
Email: [chairman@riico.co.in](mailto:chairman@riico.co.in)

## Sikkim

### Useful web links

Government of Sikkim: <http://www.sikkim.gov.in/>  
Commerce and Industry Department, Sikkim  
<http://sikkimindustries.nic.in/index.htm>

### Contact details

#### **Sikkim Industrial Development and Investment Corporation**

Tashiling Secretariat  
Gangtok-737103, India  
Phone: +91-3592-202851; Fax: +91-3592-202851

## Tamil Nadu

### Useful web links

Government of Tamil Nadu: [www.tn.gov.in/](http://www.tn.gov.in/)  
Tamil Nadu Industrial Investment Corporation:  
<http://www.tiic.org/>

### Contact details

#### **Directorate of Industries & Commerce**

No. 36, South Canal Bank, Road, Mandavelipakkam,  
Raja Annamalaipuram, Chennai- 600 028  
Telephone: 2461 1084, 2463 1073, 2463 1053, 2463 1003  
Email: [indcom@nic.in](mailto:indcom@nic.in), [indcomchn@gmail.com](mailto:indcomchn@gmail.com)

## Tripura

### Useful web links

Government of Tripura:  
<http://tripura.nic.in/>  
Department of Industries and Commerce  
<http://tripuraindustries.in/index.html>

### Contact details

#### **Department of Industries and Commerce**

Director  
Shilpodyog Bhavan, Pandit Nehru Complex,  
PO- Kunjaban, Agartala-799006 (Tripura)  
Phone: +91-381-2223826  
Fax: +91-381-2324432

## Uttar Pradesh

### Useful web links

Government of Uttar Pradesh:  
<http://upgov.nic.in/>

Udyog Bandhu, Department of Infrastructure and  
Industrial Development: <https://udyogbandhu.com/>  
UP State Industrial Development Corporation  
<http://www.upsidc.com/contact.htm>

### Contact details

#### **Udyog Bandhu, Department of Infrastructure and Industrial Development**

4th Floor, Shri Lal Bahadur Shastri Bhawan  
Sarojini Naidu Marg  
Lucknow-226001, Uttar Pradesh, India  
Phone: +91-0522-2238283/2239530  
Fax: +91-0522-2238255  
Email: [idc.up@nic.in](mailto:idc.up@nic.in)

## Uttarakhand

### Useful web links

Government of Uttarakhand: <http://uk.gov.in/>  
State Infrastructure and Industrial Development  
Corporation of Uttarakhand: <http://www.sidcul.com/>

### Contact details

#### **State Infrastructure and Industrial Development Corporation of Uttarakhand**

29, IIE (IT Park)  
Sahastradhara Road, Dehradun-248001, India  
Phone: +91-0135-2708100, 2607292  
Fax: +91-0135-2708109  
Email: [sksharma@sidcul.com](mailto:sksharma@sidcul.com)

## West Bengal

### Useful web links

Government of West Bengal:  
<http://westbengal.gov.in/>  
West Bengal Industrial Development Corporation  
<http://www.wbidc.com>

### Contact details

#### **West Bengal Industrial Development Corporation**

23, Abanindranath Tagore Sarani, Camac Street,  
Kolkata-700017, India  
Phone: +91-033-2255 3700-05; Fax: 2255 3737  
Email: [wbidc@wbidc.com](mailto:wbidc@wbidc.com)

#### **West Bengal Industrial Infrastructure Development Corporation**

5, Council House Street (3rd floor),  
Kolkata – 700001, India  
Phone: +91-33-2230 5804-08  
Email: [tridibB@wbiiidc.org](mailto:tridibB@wbiiidc.org) (Tridib. R.Bhattacharya)

