

India: An Attractive Investment Destination

Department of Industrial Policy and
Promotion

Ministry of Commerce and Industry

Indian economy: growth trajectory

- Indian economy at USD 4531 Billion (in PPP terms) is the 3rd largest in the world.
- Indian economy expected to grow at 5.8% during 2011-30 to USD 13176 Billion and at 5.4% from 2030 to 2050 to USD 34704 Billion in terms of PPP.

(Source: PwC Economics report, January, 2013 'The BRICs and beyond: prospects, challenges and opportunities'. PricewaterhouseCoopers , trading as PwC, is a multinational world's largest professional services firm headquartered in London)

12th Plan Growth Scenario

Projected sectoral growth rates (%) - 2004-05 prices

Sector	11 th Plan average growth	2012-13	2016-17	12 th Plan average growth
Agriculture	3.3	0.5	4.5	4.0
Industry	6.6	5.3	10.0	8.1
Manufacturing	6.9	4.5	10.0	8.0
Services	9.8	8.9	9.4	9.1
GDP	7.9	6.7	9.0	8.2

Note: Industry includes Mining & quarrying, Manufacturing, Electricity, Gas & Water Supply and Construction.
(Source: 12th Plan document)

India as an Investment Destination

- Stable democratic institutions and large requirement of infrastructure investment.
- Amongst fastest growing economies in the world.
- Growth averaged 8.4% between 2006 and 2011.
- GDP growth in 2012-13 expected to be 5% to 6%.
- Second largest emerging economy of Asia - GDP near USD 2 Trillion mark.

India as an Investment Destination contd.

- Growth driven to a significant extent by domestic consumption.
- Vibrant, transparent and high yielding capital market.
- Strong and competitive private sector.
- Diverse economy.
- High growth in exports.

India: Drivers of Growth

- High rate of investment and saving – Share of GFCF in the GDP is fairly high at about 34%.
- Share of savings in GDP is about 31% in 2011-12, expected to increase in future (was 36.8% in 2007-08).
- Large domestic market.
- Relatively low labour cost.
- Sound legal, financial and banking system.
- Conducive investment climate.
- Political Stability.
- Demographic dividend.

Fiscal Consolidation and Reform

- Fiscal deficit of Central Government to be reduced from 5.3% of GDP in Financial Year 2013 to 3% of GDP in Financial Year 2017.
- Revenue growth expected to exceed expenditure growth.
- High debt tolerance.
- Large external buffer.
- Stable macro economic environment.

Recent important initiatives
by

Department of Industrial Policy and
Promotion

National Manufacturing Policy

- Increase manufacturing sector growth to 12–14 per cent over the medium term to make it the engine of growth for the economy and to increase the share of manufacturing to 25 per cent of the national GDP over a decade.
- Increase the rate of job creation in manufacturing to create 100 million additional jobs over a decade.
- Increase depth in manufacturing, with focus on the level of domestic value addition.
- Enhance global competitiveness of Indian manufacturing through appropriate policy support.

National Manufacturing Policy contd.

- Rationalization and simplification of business regulations.
- A comprehensive exit policy to be put in place which will promote productivity while providing flexibility to labour.
- Establishment of NIMZs as green field industrial townships, benchmarked with the best manufacturing hubs in the world. 12 NIMZs have been announced, 8 of which are along the DMIC.
- Special attention to industries where India enjoys a competitive advantage like automobiles; pharmaceuticals; and medical equipment.

Delhi Mumbai Industrial Corridor Project

- To create a strong economic base with a globally competitive environment and state-of-the-art infrastructure to activate local commerce, enhance investments and attain sustainable development.
- Covers six states –Uttar Pradesh, Haryana, Madhya Pradesh, Rajasthan, Gujarat and Maharashtra.
- With an Implementation Fund of Rs.17,500 crore and an additional project development Fund of Rs.1000 crore for project development.
- The Japanese Government has also announced their financial support of US \$ 4.5 billion in the first phase.
- Initially 8 industrial cities have been taken up for development.

New Industrial Corridors

- Chennai Bengaluru Industrial Corridor - Comprehensive plan is being prepared covering three States Tamil Nadu, Andhra Pradesh and Karnataka by DIPP with Japan International Cooperation Agency (JICA).
- Bengaluru Mumbai Industrial Corridor - Preparatory work has started.

Opportunities for investment in infrastructure

- Total investment envisaged between 2012 -17 is USD 1 Trillion.
- It was USD 539 Billion in the 11th Plan (USD 1 = Rs. 51.54).
- Share of private investment to increase to 47% from 38% in the 11th Plan.

Opportunities for investment in infrastructure contd.

Sector-wise investment opportunities in the 12th Plan (in USD Billion)

Sl. No.	Sector	XI Plan Targets	XII Plan Targets
1.	Electricity	165	322
2.	Roads and Bridges	70	125
3.	Telecommunications	86	274
4.	Railways	50	80
5.	Irrigation	62	97
6.	Water Supply and Sanitation	28	43
7.	Ports	10	16
8.	Airports	9	16
9.	Storage	2	7
10.	Oil and Gas Pipelines	32	65
	Total	514	1045

e-Biz Mission Mode Project

- Online single window for businesses and investors under the National e-Governance Plan.
- To create a business and investor friendly ecosystem in India by making all business and investment related regulatory services across Central, State and Local governments available on a single portal, obviating the need for the investor or the business to visit multiple offices or a plethora of websites.
- Eventually to cover the entire life cycle of a business – right from the its establishment, through its ongoing operations, to even its possible closure.
- Radical shift in the Governments' service delivery approach from being department-centric to customer-centric.
- 24x7 facility for information and services.

Invest India

- Set up in September, 2009.
- A joint venture between the Government of India through DIPP, FICCI and State Governments.
- Dedicated agency for promoting foreign investment
 - Investment promotion through creation of country-focused initiatives.
 - Promotional effort abroad with structured programs and business meetings.
 - One-stop shop for hand-holding and facilitation services across the investment and business spectrum.
 - Spearhead investment promotion for various economic ministries and state governments in a focused manner etc.

FDI Policy since 2010

In line with India's increasing integration with the World, FDI Policy was liberalized progressively.

- Exempting payments for royalty, lump-sum fee for transfer of technology and use of trademark/brand name, related to technological collaborations, from the need for obtaining prior Government approval.
- Consolidation of FDI policy into one single document for ease of reference by prospective investors.
- Only proposals involving total foreign equity inflows of more than Rs.1200 crore now require to be placed for consideration of the Cabinet Committee on Economic Affairs (CCEA) (as against the earlier limit of the total project cost being more than Rs.600 crore).

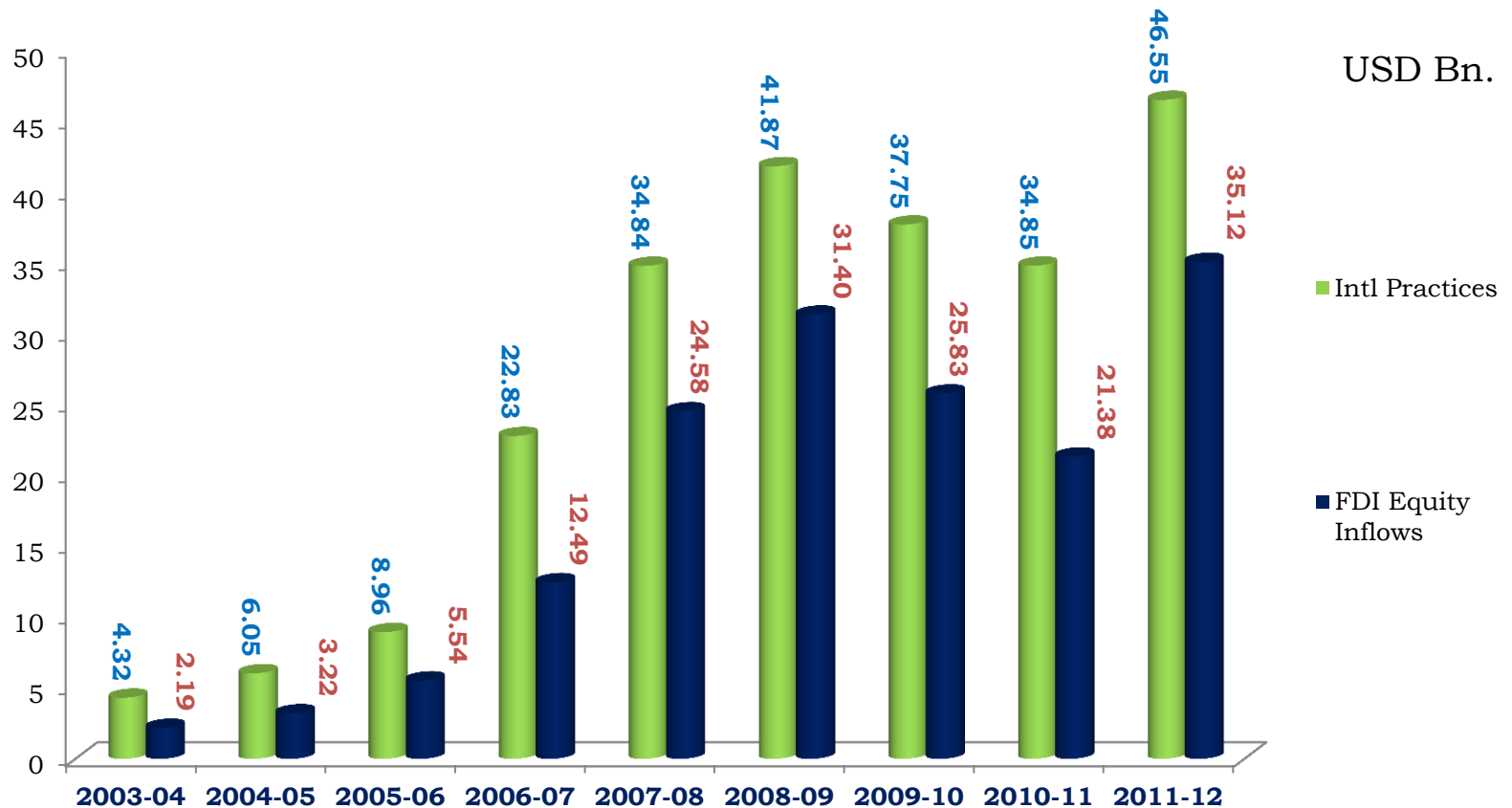
FDI Policy since 2010 contd.

- Removal of the condition of prior approval in case of existing joint ventures/technical collaborations in the 'same field'.
- Permitting FDI in Limited Liability Partnerships (LLPs).
- Exemption of construction-development activities in the education sector and in old-age homes, from the general conditionalities (such as minimum area to be developed; minimum capitalization and lock-in period), in the construction-development sector.

FDI Policy since 2010 contd.

- FDI in single-brand retail trading up to 100%.
- FDI in multi-brand retail trading up to 51%.
- Permitting foreign investment in power exchanges, up to 49%.
- Liberalisation of policy on foreign investment in the broadcasting sector.
- Permitting foreign airlines, to make foreign investment, up to 49%, in scheduled and non-scheduled air transport services.

Increasing FDI inflows over time



India ranks **6th** as FDI destination among developing economies.

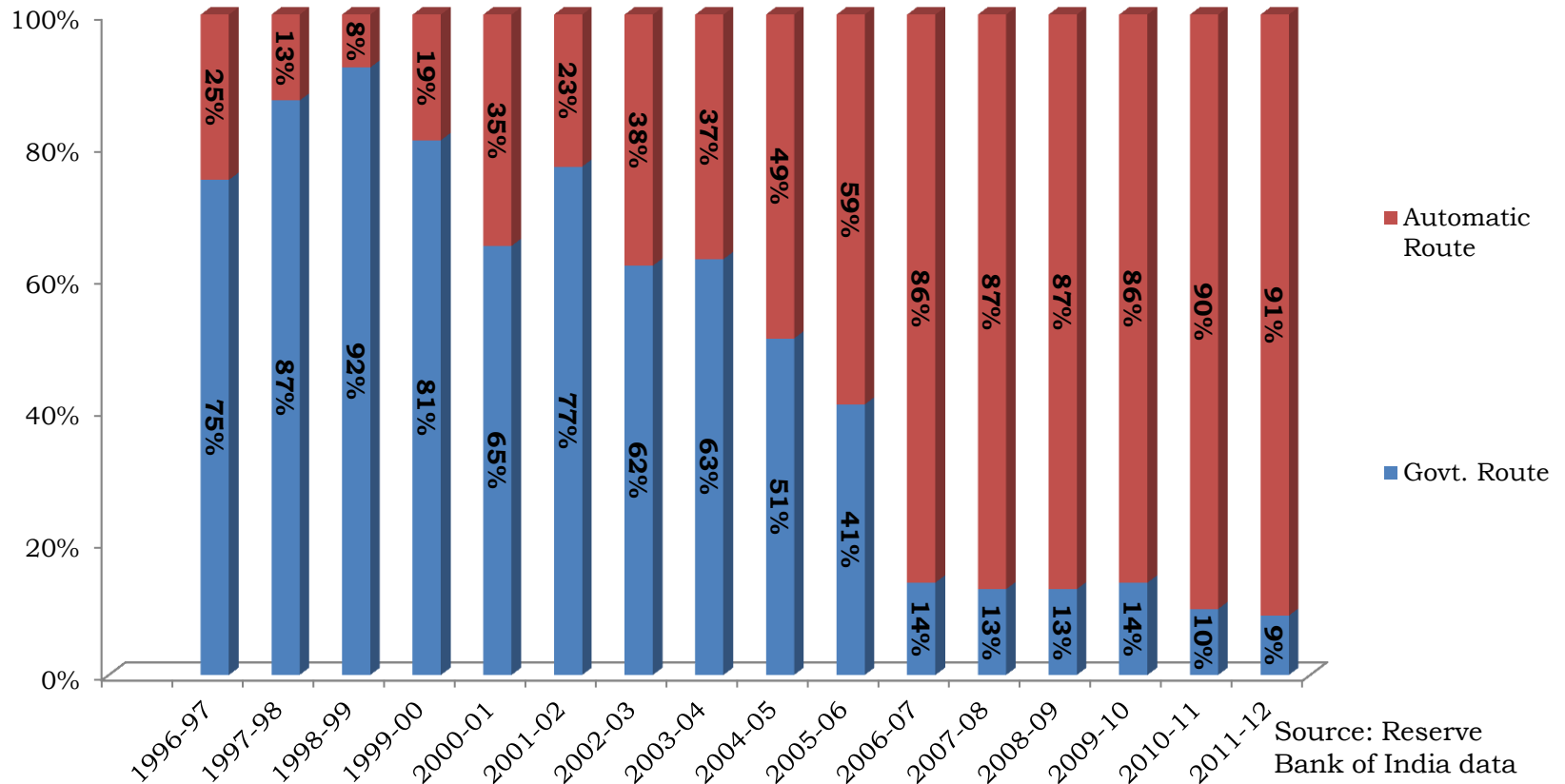
(As per UNCTAD's World Investment Report 2012)

International practices:

FDI equity inflows, re-invested earnings and other capital

Source: Reserve Bank of India data

Increasing share of FDI inflows through Automatic Route



Decade of Innovation

Focus on affordability and inclusive growth

- Affordable solutions for needs of people – for health, water, transport – without compromising quality.
- Innovations in organizations and process models – improvement in delivery of services.
- Innovation in the process of innovation – reduction in the cost of developing the innovation – open source drug discovery.
- Frugal Innovation – improving the efficiency of innovation and outcomes that benefit people.

Decade of Innovation contd.

Well established institutions

- National Innovation Council.
- Indian Patent Act, 2005.
- Indian Design Act, 2000.
- Trade Marks Act, 1999.
- Online filing of application.
- Setting up of the Intellectual Property Appellate Board.
- India has been selected as one of the International Search Authority and the International Preliminary Examining Authority under the Patent Corporation Treaty.

Public sector investment in the 12th Plan

- Central Government
 - GBS - Rs. 27 lakh crore (US\$ 482 bn.)
 - IEBR - Rs. 16 lakh crore (US\$ 286 bn.)
 - Total - Rs. 43 lakh crore (US\$ 768 bn.)
- State Govts/UTs - Rs. 33 lakh crore (US\$ 589 bn.)
- Total Public Sector (Centre + States/UTs) - Rs. 76.7 lakh crore (about US\$ 1.3 trillion).

Other Recent Initiatives

- Setting up of Cabinet Committee on Investment to clear the big-ticket projects (Rs. 1000 crore and above).
- Proposed constitution of an independent regulatory authority for road sector to address the challenges including financial stress, enhanced construction risk and contract management etc.

Thank You