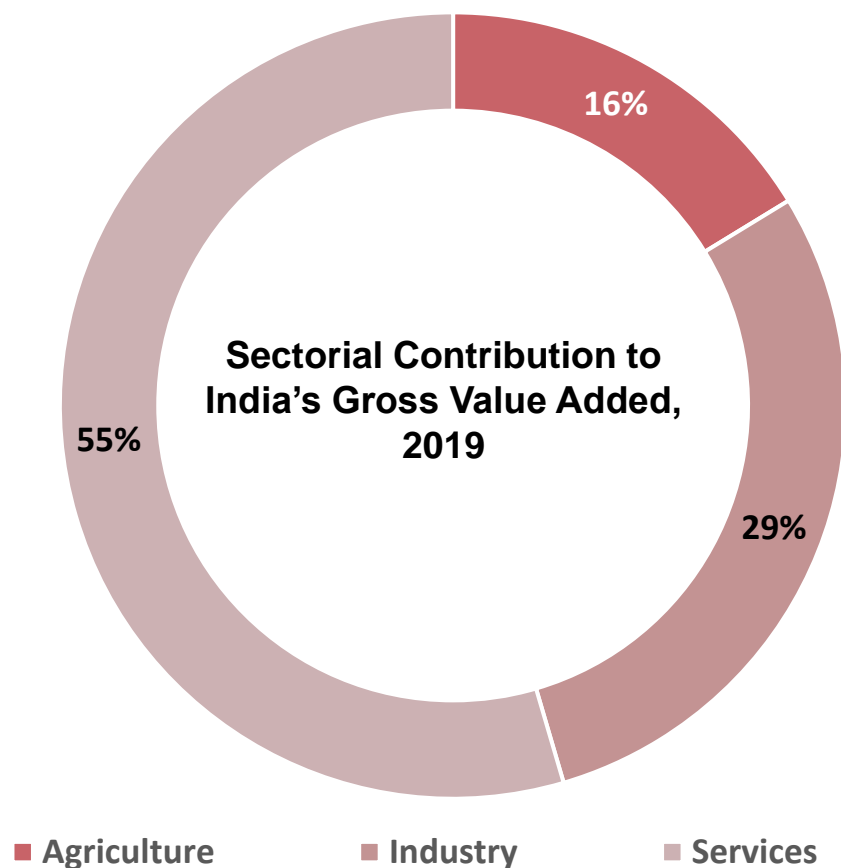


Overview of the Indian Economy

India's Economic Setting



India is the 5th largest economy with a total size of USD 2.9 Trillion in 2019 (IMF)

Service sector contributes to 55% of Indian Gross Value Added. (Economic Survey of India)

India plays catch up with Global per capita GDP at USD 2,038 current prices. (World Bank, 2019)

Government's Make in India initiative promotes India as a manufacturing hub

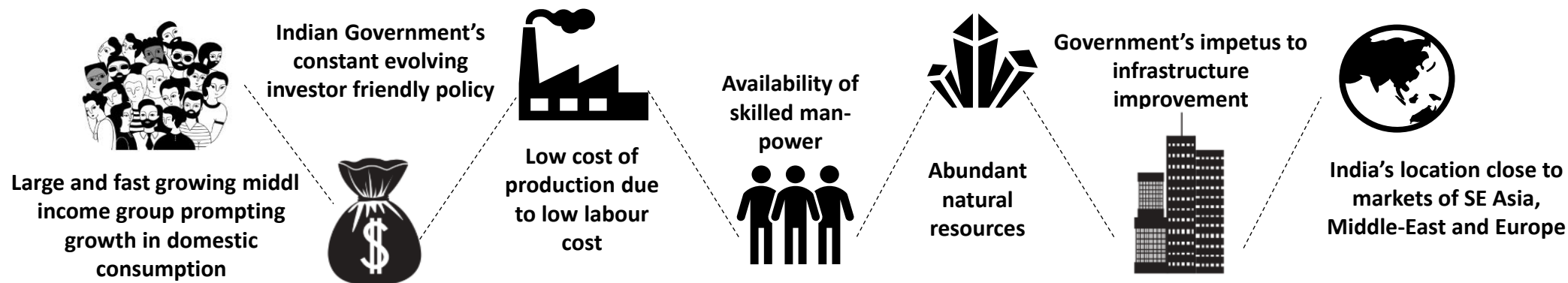
Median age population of 28 years

67% of the Indian population falls in the working age category. World's largest working population of 1 billion by 2050

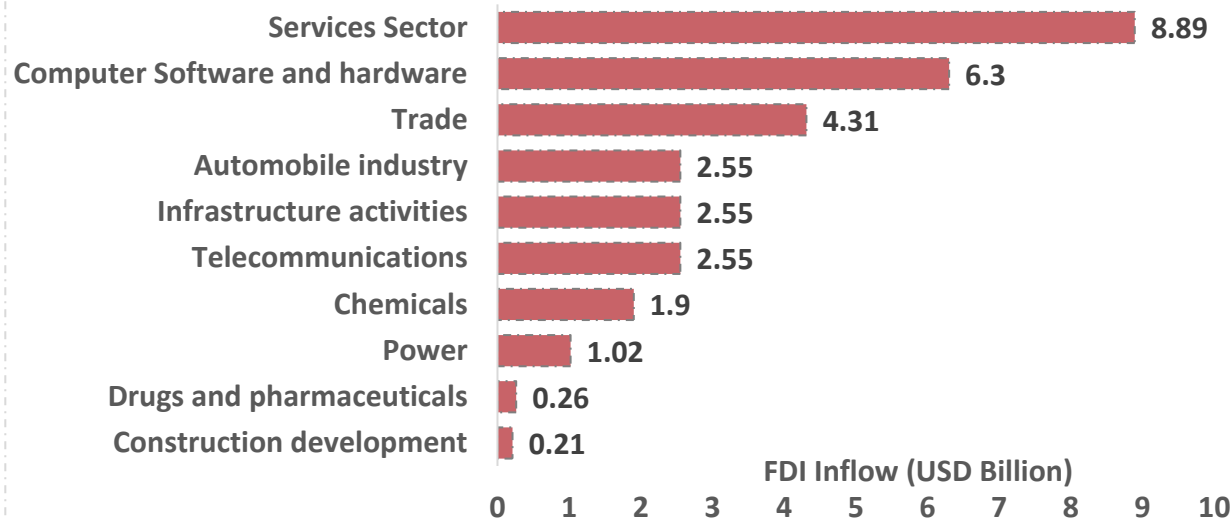
Current urbanisation is at 35% in India. By 2050, 57% of India's population will live in cities leading to a spurt in consumption

8 high-performing states—
❖ houses 60% of India's consuming classes
❖ Account for ~50% of India's GDP

India's Investment Climate



Sector-wise FDI inflow in India, 2019-2020



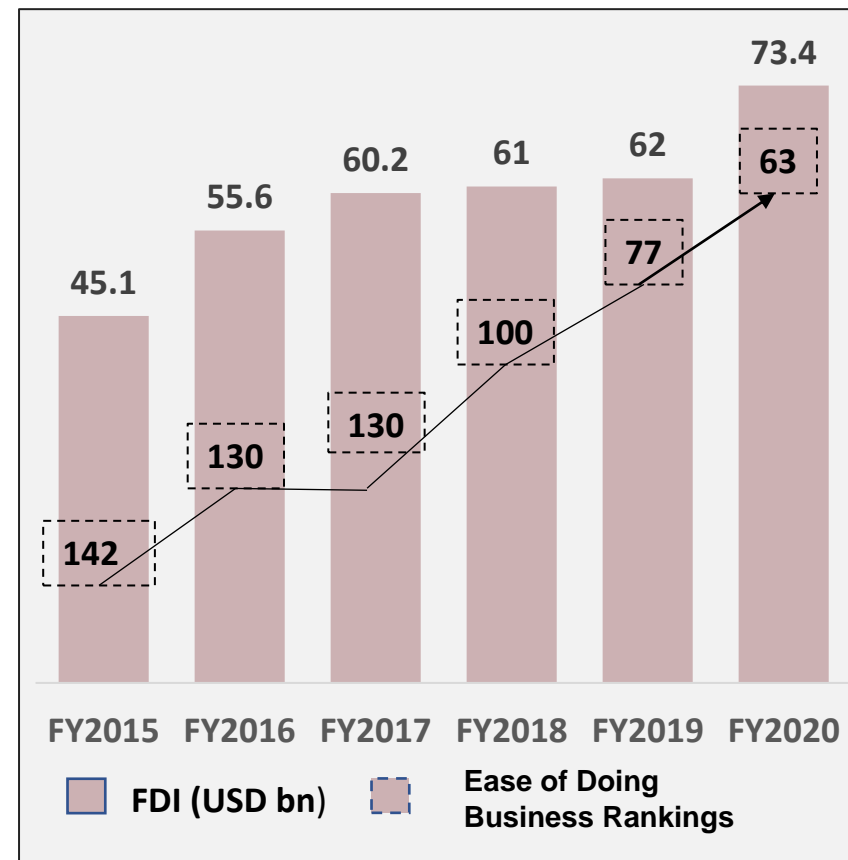
- India received highest ever FDI inflow of USD 30 Billion in April-Sept 2020
- 15% increase from April-Sept 2019
- FDI inflow in India for the first half of 2020 stood at USD 38 billion compared to USD 39 billion in 2019 y-o-y

Source: Global Investment Trend Monitor report compiled by United Nations Conference on Trade and Development (UNCTAD), Economic Survey, 2020, Budget, 2020, ET, Department for Promotion of Industry and Internal Trade

Improved Ease of Doing Business Rankings to Increase FDI



	Malaysia	Thailand	Indonesia	Vietnam	India	India Rank
Building Permits	88	77.3	66.8	79.3	78.7	3
Getting Electricity	99.3	98.7	87.3	88.2	89.4	3
Getting Credit	75	70	70	75	80	1
Protecting Minority Investors	81.7	75	63.3	55	80	1



India is the only country in the world to rank among the top 10 improvers for the **third consecutive year**
India has entered the group of top 50 countries in the global innovation index moving up four places to the 48th rank

Source: Ease of Doing Business Report 2020, Invest India Report, 2020

- India has moved **79** places in the **last 5 years** in the **Ease of Doing Business Rankings**
- Half of all FDI** has come in the **last 5 years**.

How the economy is re-booting?

1

Foreign Exchange Reserves; Robust Agrarian Growth

FER reached USD 586 billion in January 2021 from USD 575 billion in November 2020

2

Manufacturing PMI reached an all time high since Jan 2012

PMI increased from 56.8 in September to 58.9 in October – highest in a decade

3

Emergency Credit Line Guarantee Scheme (ECLGS)

Banks have already sanctioned 70% of the USD 43 billion earmarked under ECLGS as of December 2020

4

Increasing Revenue Collection by the Government

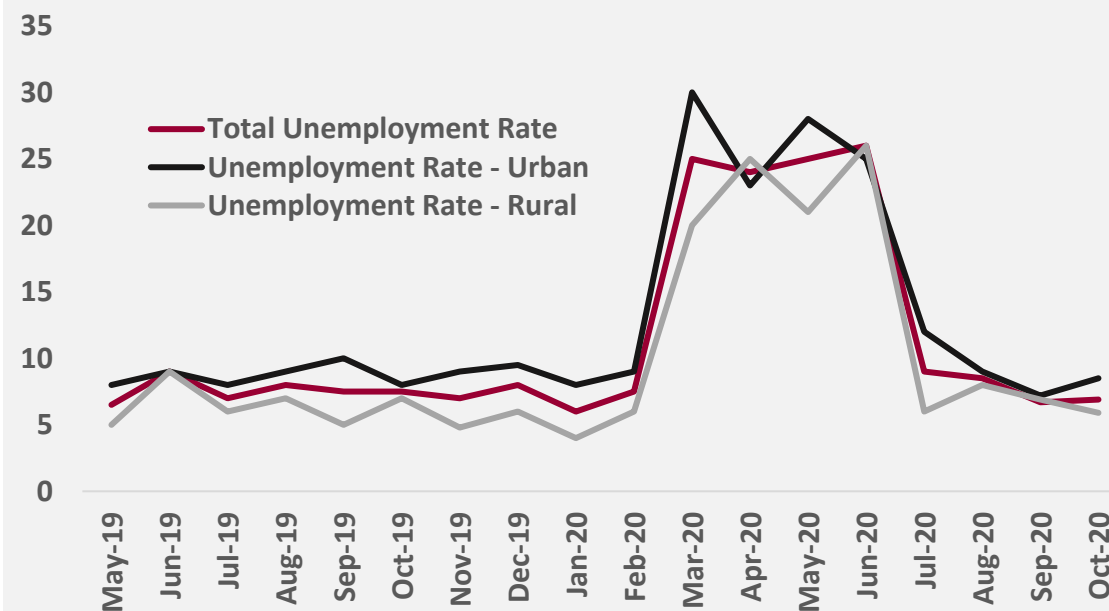
Intra-state and inter-state E-way bill collections (under GST) in December 2020 crossed USD 15.3 billion, higher by ~ 9% as compared to December 2019.

5

External Debt in Control

In last one year, India's external debt has risen by just 2.8%, driven by a minor 6.7% increase in commercial borrowings.

Unemployment Trend

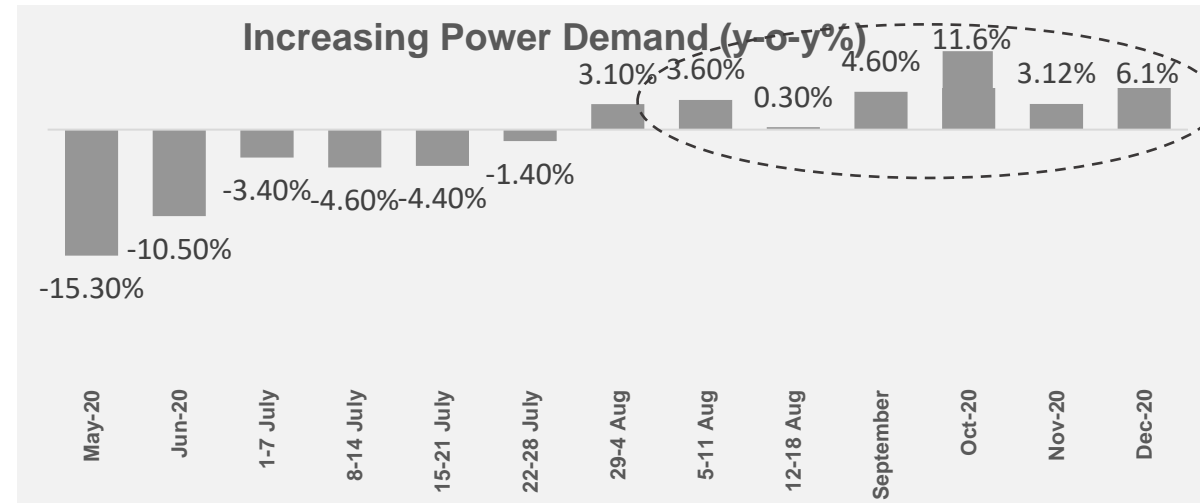
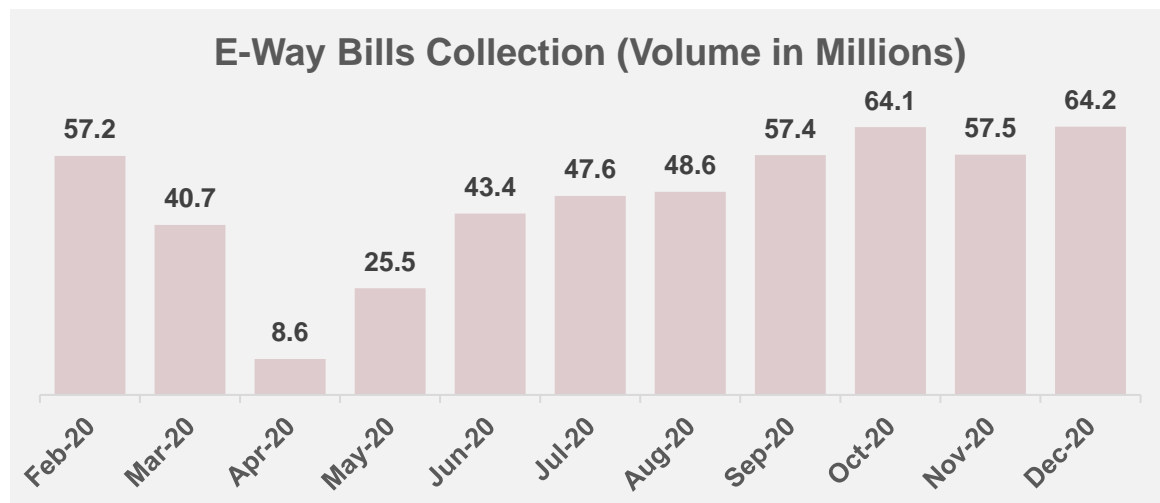
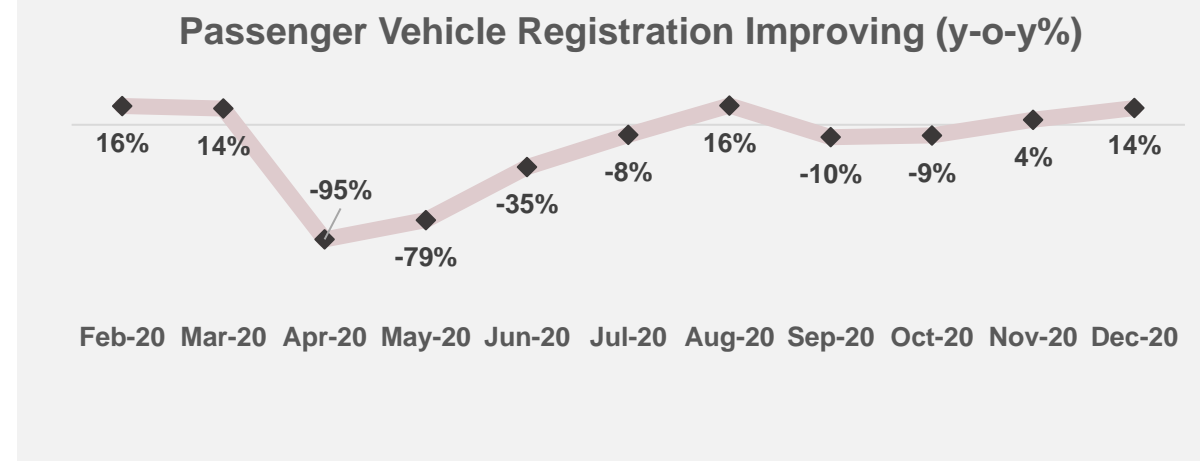


Source: CMIE

India's unemployment rate in October reached closer to pre covid-19 levels, indicating that the job crisis since March 2020, when the country was under strict lockdown, has declined notably.

Unemployment rate in September and October hovered between the range of 6.7% to 7%.

Economic and Industrial Indicators Rebounding



Source: Press Information Bureau, Business Standard, Morgan Stanley Research Report Aug 2020

India's Consumption Story

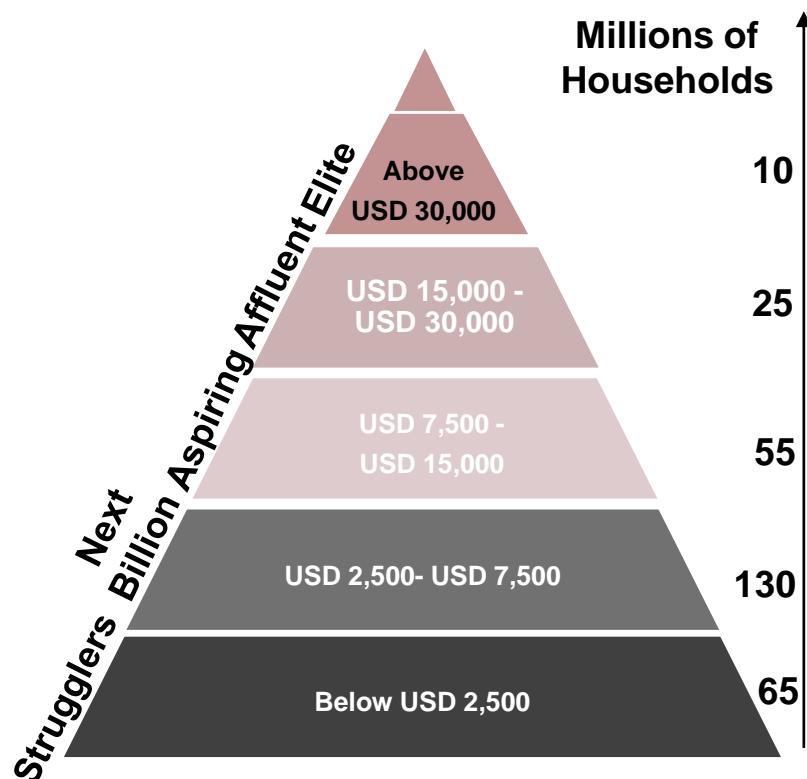
Middle class consumption (PPA constant 2011 trillion USD and global share)

2015	Country	PPP	Share
	USA	4.7	13
	China	4.2	12
	Japan	2.1	6
	India	1.9	5

2020	Country	PPP	Share
	USA	6.8	16
	China	4.7	11
	India	3.7	9

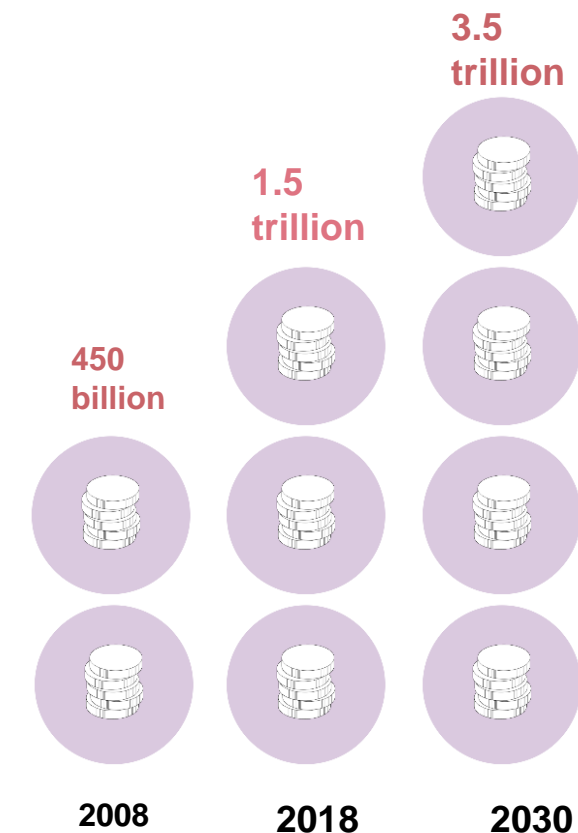
2030	Country	PPP	Share
	China	14.2	22
	India	10.7	17

Middle class consumption (PPA constant 2011 trillion USD and global share)

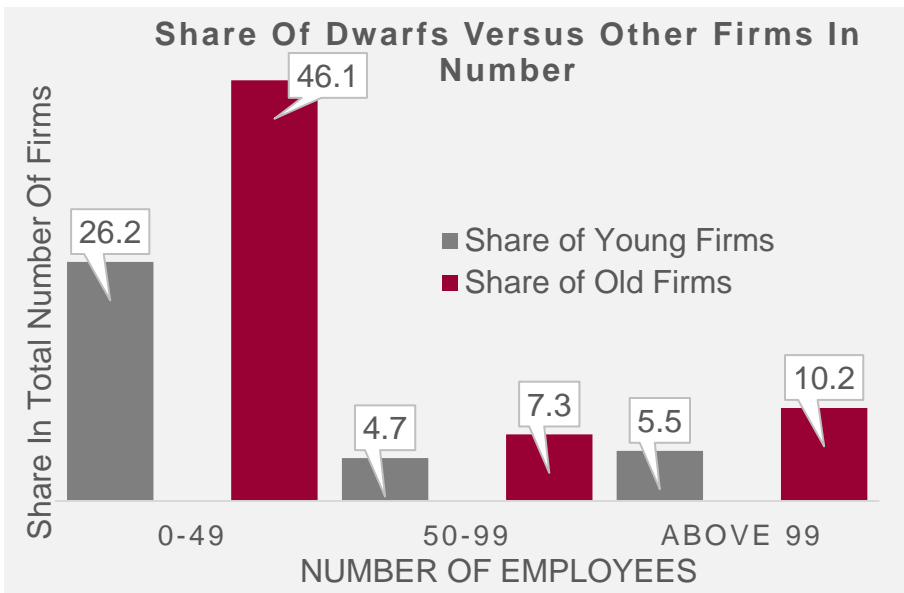


Source: Brookings Institution, BCG, Mckinsey – India Turning Point

India's Private Consumption Expenditure indicates increasing disposable income

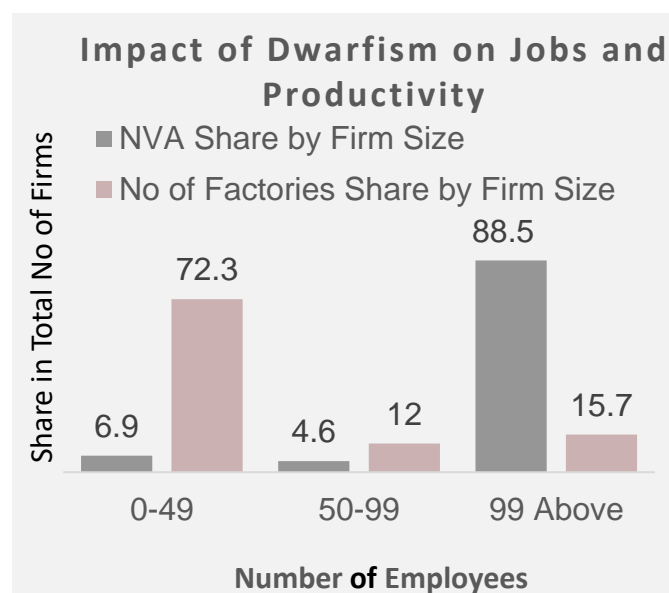


Economic Formalization in India



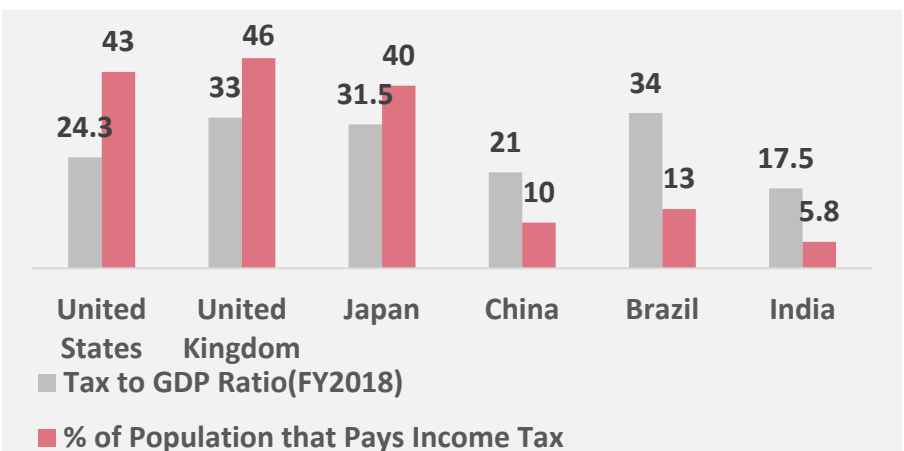
Dwarfs are the small companies having less than 100 employees and are older than a decade.

Dwarfs account for **half** of all firms in the organized manufacturing sector but employment share is only **14.1%**



Share of small firms in NVA from organized manufacturing sector is only 11.5%, whereas large firms have 88.5%.

Output and employment is insignificant though small firms dominate the economic landscape with 85% of firms.

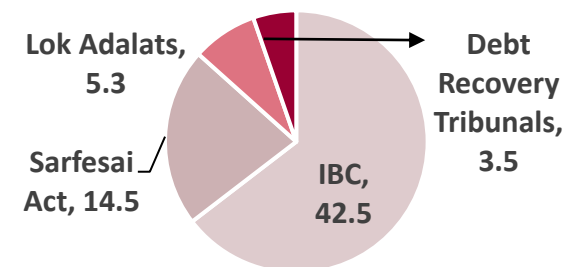


Enterprise Wise Category Formalisation

EPF	GST	No Tax & EPF	Total
~1%	~20%	~79%	~100%
~0.5 mn	~12 mn	~50 mn	~63 mn
40% t/o	20% t/o	40% t/o	100%

Source: Economic Survey, Reserve Bank of India, World Bank, IBBI

Insolvency and Bankruptcy Code



Resolution Mechanism by Banks for Claims (%)

USD 56 bn
Claims under IBC upto FY2020

USD 25 bn
Recovery under IBC upto FY2020

Indian Infrastructure Sector

India needs to spend USD 4.5 trillion on infrastructure by 2030 to realize the vision of a USD 5 trillion economy by 2025, and to continue an escalated trajectory until 2030

Infrastructure Vision 2025

Affordable and
Clean Energy



Digital services
access for all



Convenient & efficient
transportation
and logistics



Sustainable and
smart cities



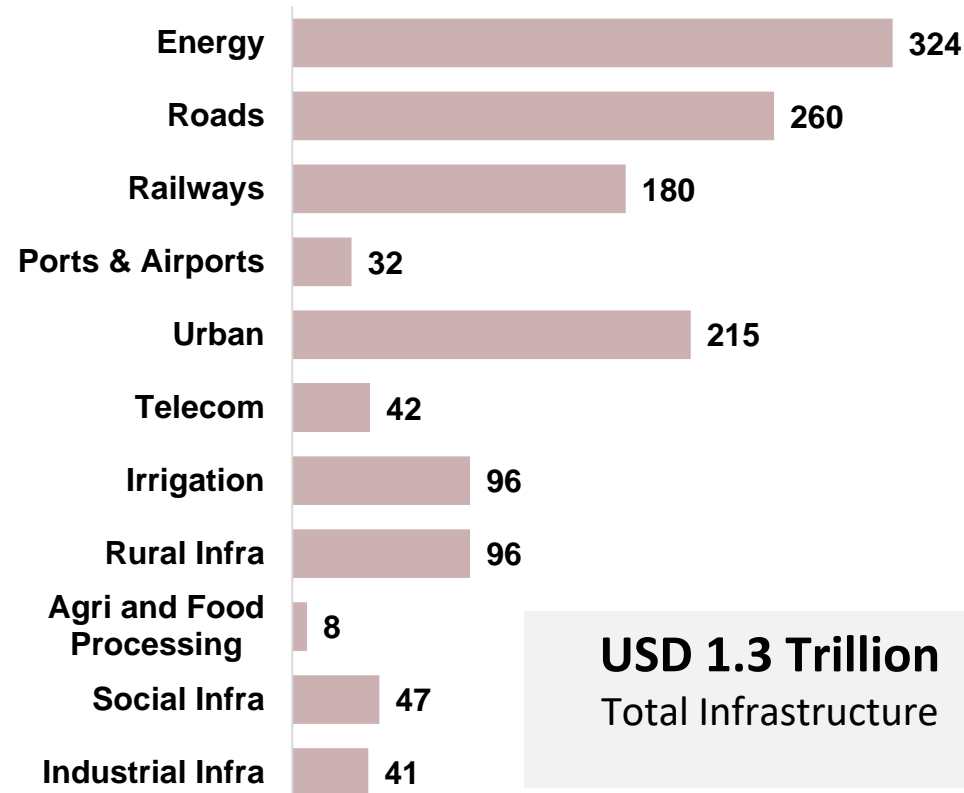
Housing and
water
supply for all



Quality
Education

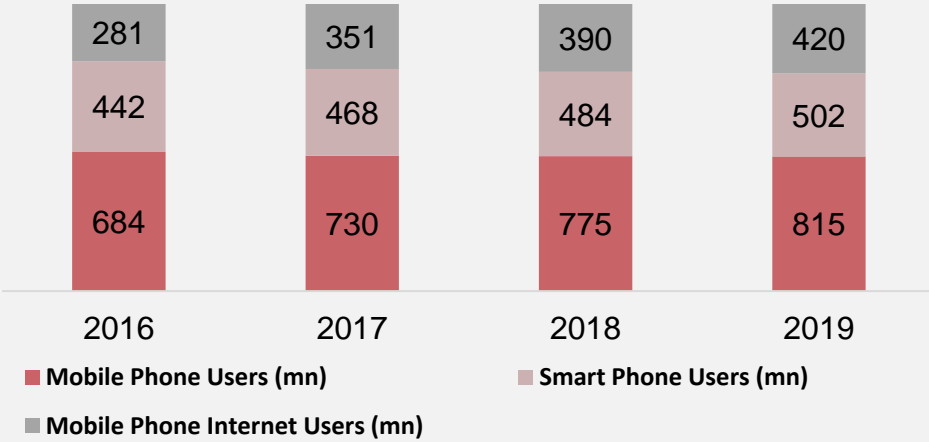


National Infrastructure Pipeline for 2019-25 (USD Billion)

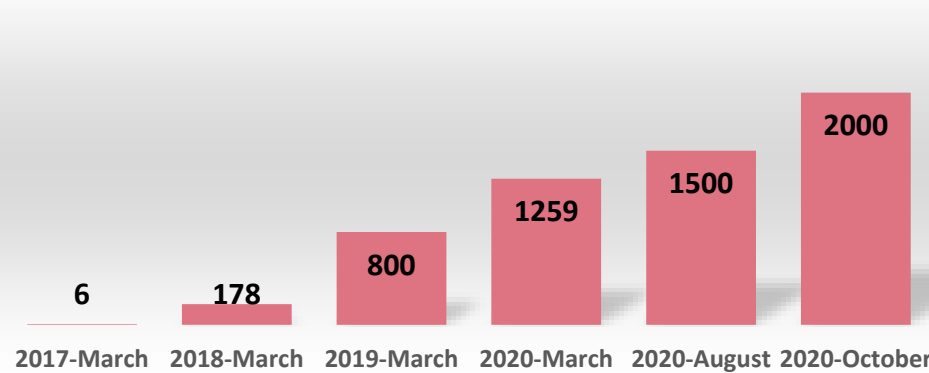


USD 1.3 Trillion
Total Infrastructure

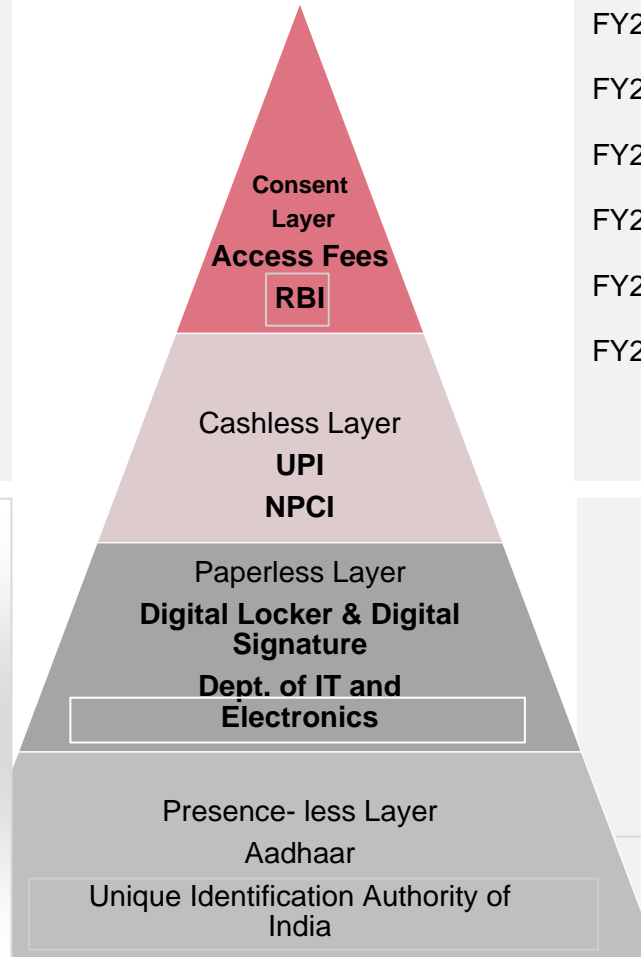
Number of Mobile Phone Users in India



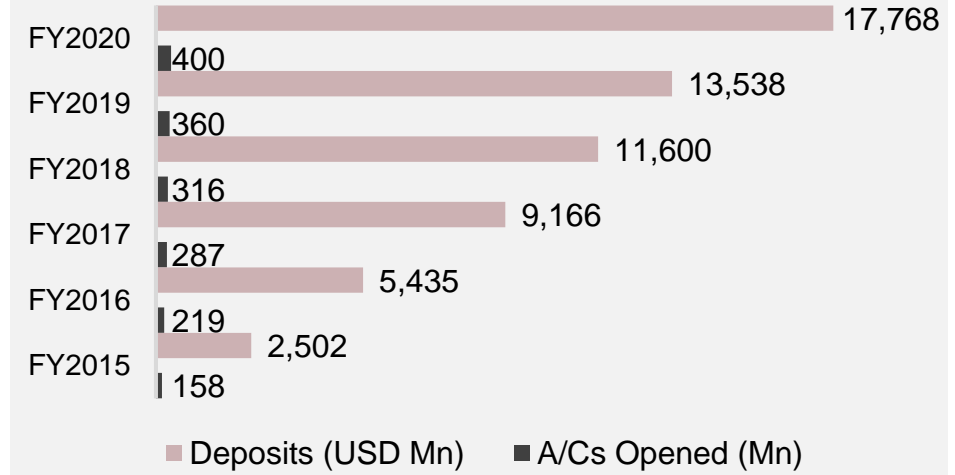
UPI Transactions in Volume (USD million)



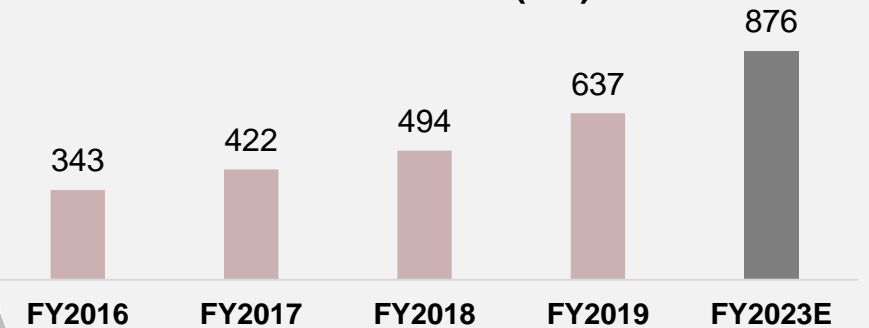
Digital India India Stack



Jan Dhan Yojna



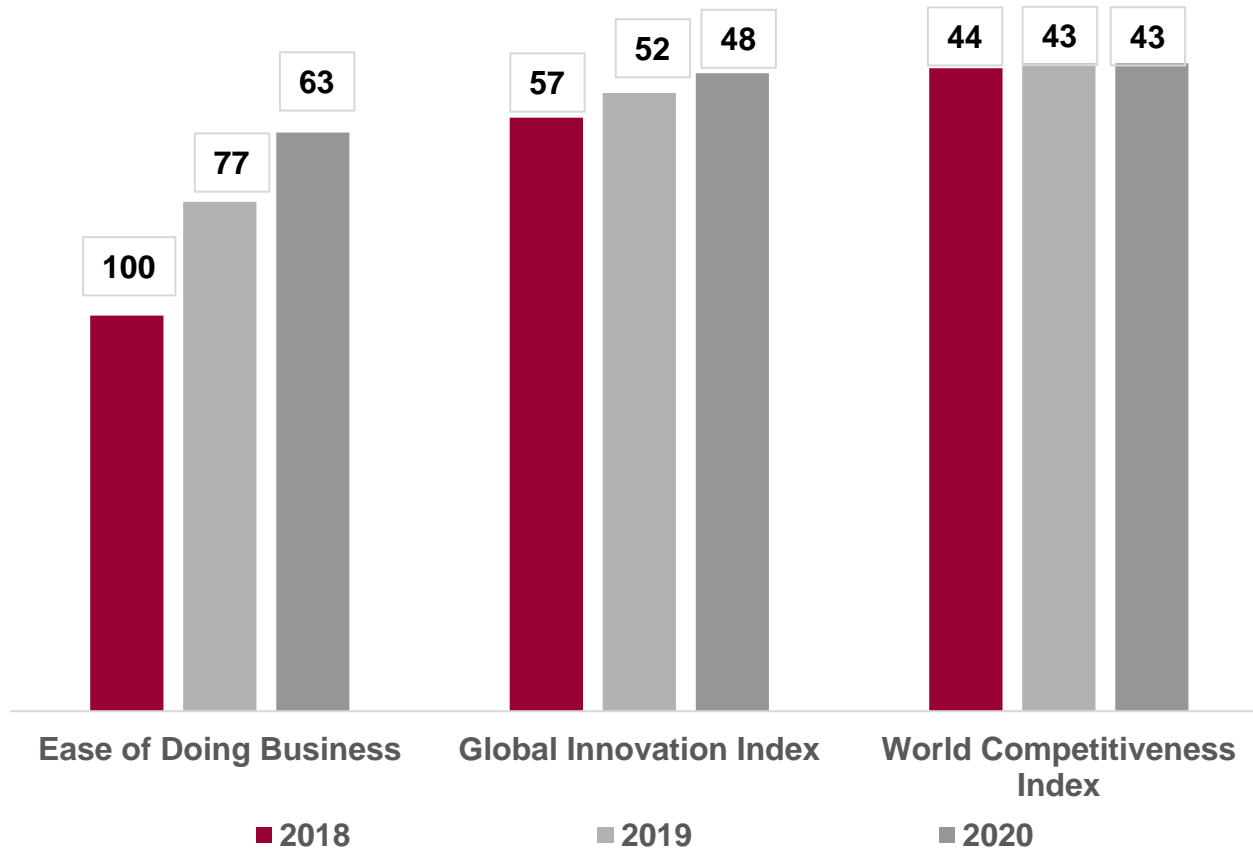
Internet Users (Mn)



India's Reform & Performance Journey

India's Performance Journey At a Glance -2018-2020

Rankings for Major Global Indices



India's Performance Journey Insights-2018-2020

Ease of Doing Business Insights

India moved **79** places in the last 5 years in the **Ease of Doing Business** Rankings

India is the only country in the world among the **top 10 improvers** for the **third consecutive year**.

Global Innovation Index Insights

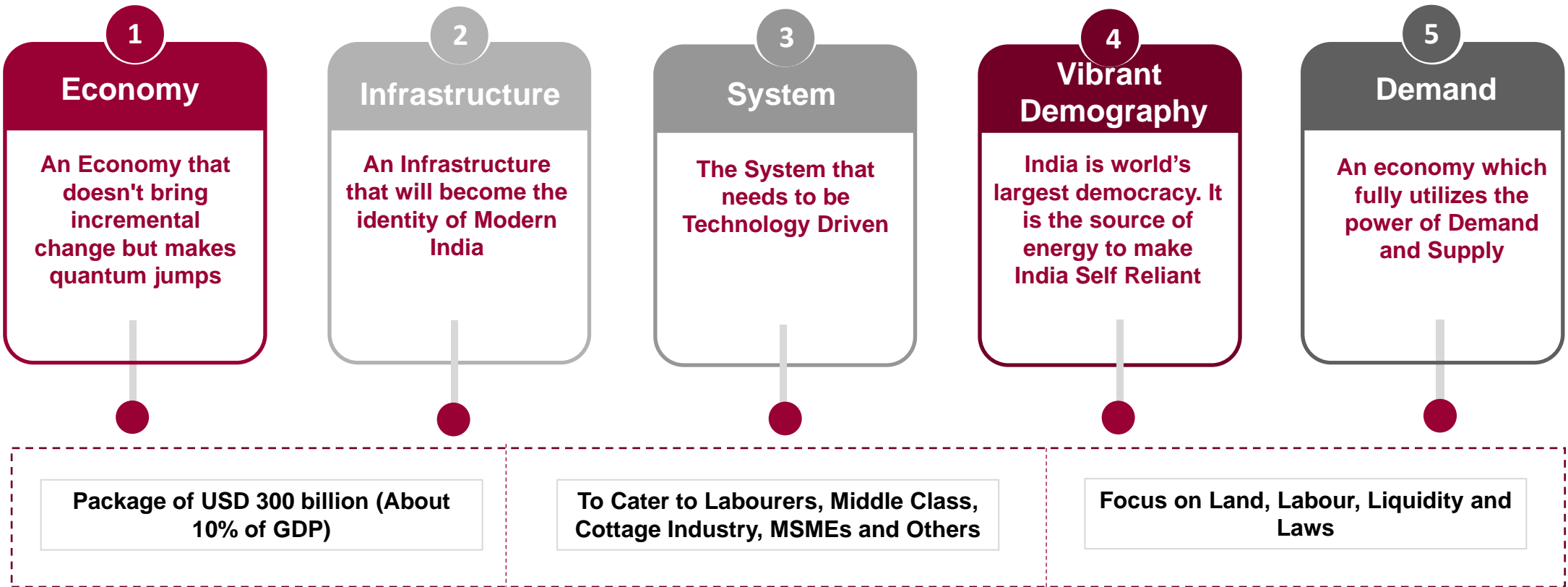
India breaks into **Top 50** in the **Global Innovation Index** for the first time

World Competitiveness Index Insights

India retains its **43rd** spot in the **IMD World Competitiveness Index** Rankings

AatmaNirbhar Bharat

5 Pillars of Self-Reliant India



Banking, Financial and Corporate Affairs Reforms

1

Direct Tax Reforms

- Faceless income tax assessment
- Ease of filing return, faster processing and refund process
- Abolishment of dividend distribution tax
- Tax holidays for registered start-ups

- Goods and Service Tax introduced thereby subsuming all indirect taxes at centre and state levels.
- India moved towards achieving 'One Nation One Tax'

2

Indirect Tax Reforms

3

Digital Tax Reforms

- ❑ Equalization levy on nonresident digital advertisement players on certain specified services
- ❑ Equalization levy on nonresident e-commerce operators

- ❑ IBC enacted for reorganization and insolvency resolution in a time bound manner for maximization of the value of asset

4

Corporate Law Reforms

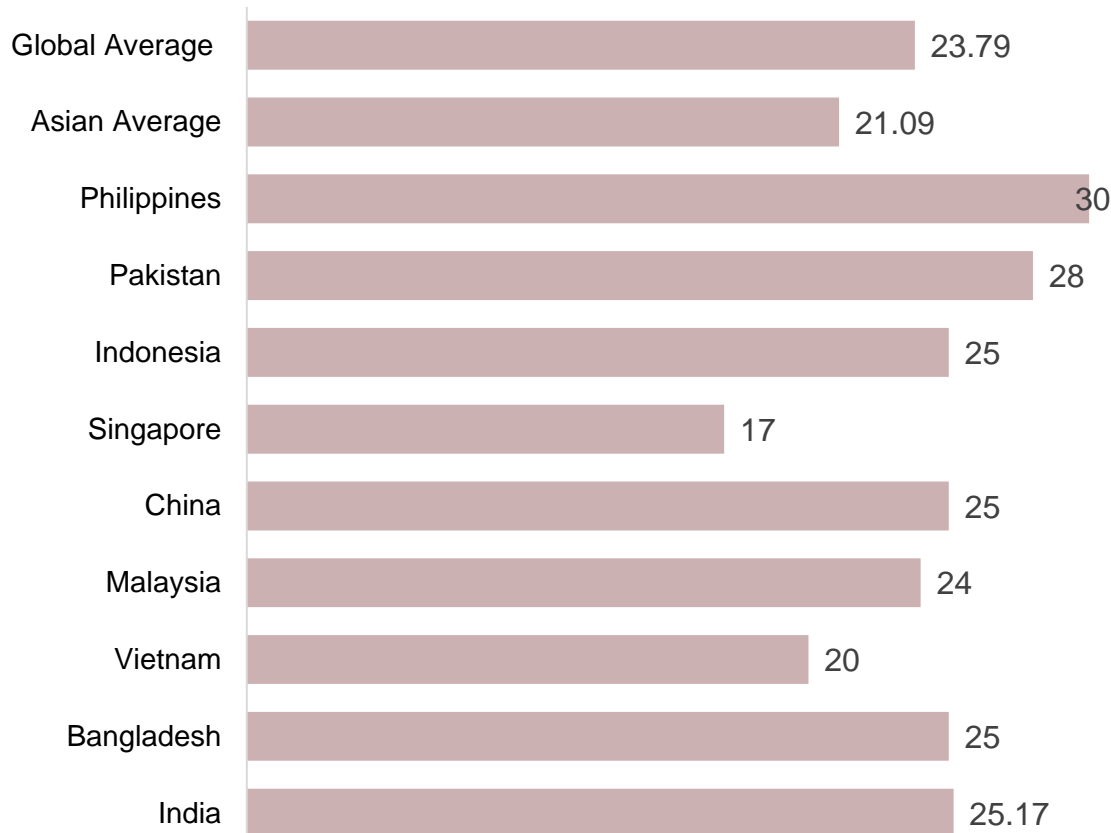
- ❑ 10 Public sector banks merged into 4 to strengthen the role of public sector banks
- ❑ Government aims to reduce the number of public sector banks by creating 3-4 global sized banks

5

Banking Reforms

India's Corporate Tax Rates Now Globally Competitive

Headline Corporate Tax Rates (%)



With its recent historical tax reform, the Indian Government slashed the effective Corporate Tax in India by 10 percentage points. At 25.17%, India's Corporate Tax Rate is now competitive placed among global and other Asian economies.

For new manufacturing companies incorporated after 1st October 2019, and starting their operations before 31st March 2023, the applicable effective corporate income tax rate will be even lower at 17.16%.

Domestic companies opting for the new concessional corporate tax rates, will have to forgo certain exemptions, deductions, allowances (including additional depreciation) Also, the Minimum Alternative Tax (MAT) will not apply to these companies.

The effective Minimum Alternative Tax (MAT) rate has also been reduced from 21.55% to 17.47% for domestic companies not opting for the new reduced corporate income tax rates.

India's Production Linked Incentive- Existing Sectors

What is Production Linked Incentive (PLI)

It is a kind of subsidy to the sector

Is a direct payment from the budget to goods made in India	Amount varies from sector to sector	Is based on disadvantage/disability faced by a sector
--	-------------------------------------	---

How will the Production Linked Incentive (PLI) Work

Template for schemes already exists for mobiles, pharmaceuticals and medical devices	10 new sectors have been added to the PLI scheme
--	--

Will be implemented by concerned Ministry and Departments

Final proposals to be approved by the government Any new sector will require fresh approval	Savings from Production Linked Incentive can be used to fund other approved sector
--	--

Sectoral Incentive- Pharmaceutical Industry

- ❑ Financial incentive of 5%-20% on sales of 41 identified products for six years
- ❑ USD 900 million to incentivize production of 53 bulk drugs in India under Production Line Incentive (PLI) scheme.
- ❑ USD 400 million allocated to develop bulk drug parks' infrastructure facilities
- ❑ Time to complete patent examinations to come down from 18 to 6 months by 2024.
- ❑ New patented drugs manufactured in India are exempted from price control for a period of 5 years.

Sectoral Incentive- Electronics Industry

- ❑ PLI for large scale electronics manufacturing to boost demand
- ❑ 4%-6% on incremental sales of goods manufactured in India for a period of 5 years
- ❑ For Greenfield Project- 50% of project cost subject to a ceiling of USD 7 million for every 100 acres
- ❑ For Brownfield Project-75% of Project Cost subject to a ceiling of USD 7 million
- ❑ Subsidy of 20% on capital investments in SEZ
- ❑ Subsidy of 25% on capital investment in non SEZ

On the Ground (Example)

Base Year of incentive fixed for eligible entry	Incentive available on incremental sales from this base year
For Example, In base year USD 500 million worth goods made	In year 1 USD 550 million goods worth made
Incremental production would be 50 million	
First year benefit in case of mobiles is 6%. The producer will get 3 million as incentive from the budget	
The amount will fall to 4% of incremental sales by final year	

India's Production Linked Incentive- Newly Announced 10 Sectors

Sectors	Product Lines	Financial Outlay	Ministry
Advance Chemistry Cell (ACC) Battery	ACC Batteries	USD 2,400 Million	NITI Aayog and Department of Heavy Industries
Electronic/ Technology Products	Semiconductor Fab, Display Fab, Laptop/ Notebooks, Servers, IoT Devices	USD 685 Million	MEITY
Automobile and Auto Components	Automobile and Auto Components	USD 7,800 Million	Department of Heavy Industries
Pharmaceuticals	Biopharmaceuticals, Complex Generic Drugs, Patented Drugs Nearing Expiry, Cell Based/ Gene Therapy Products	USD 2,050 Million	Department of Pharmaceuticals
Telecom Products	Core Transmission Equipment, 4G/5G Network Access Network and Wireless Equipment, Access & CPE, IoT, Switches and Routers	USD 1,670 Million	Department of Telecom
Textiles	Man Made Fiber Segment, Technical Textiles	USD 1,460 Million	Ministry of Textiles
Food Products	Ready to Eat, Marine Products, Fruits & Vegetables, Honey, Desi Ghee, Mozzarella Cheese, Organic Eggs	USD 1,493 Million	Ministry of Food Processing Industries
Solar PV Manufacturing	Solar PVs	USD 615 Million	Ministry of New and Renewable Energy
White Goods	Air Conditioners, LED	USD 855 Million	Department for Promotion of Industry and Internal Trade
Steel Products	Coated Steel, High Strength Steel, Steel Rails, Alloy Steel Bars & Rods	USD 865 Million	Ministry of Steel

Introduction of Commercial Mining in Coal Sector

- ❑ Revenue sharing mechanism instead of fixed regime of fixed/ Rupee/ Tonne
- ❑ Any party can bid for a coal block and sell in the open market

- ❑ Entry norms will be liberalized
- ❑ Nearly 50 blocks will be offered with no eligibility conditions, only upfront payments with a ceiling

Coal Sector

- ❑ Exploration cum production regime for partially explored blocks

- ❑ Production earlier than scheduled will be incentivized through rebate in revenue share

Enhancing Private Investments in the Mineral Sector

- ❑ Introduction of a seamless composite exploration cum mining cum production regime

- ❑ Introduce joint action of bauxite and coal mineral blocks to enhance aluminum industry's competitiveness

- ❑ Introduction of a seamless composite exploration cum mining cum production regime

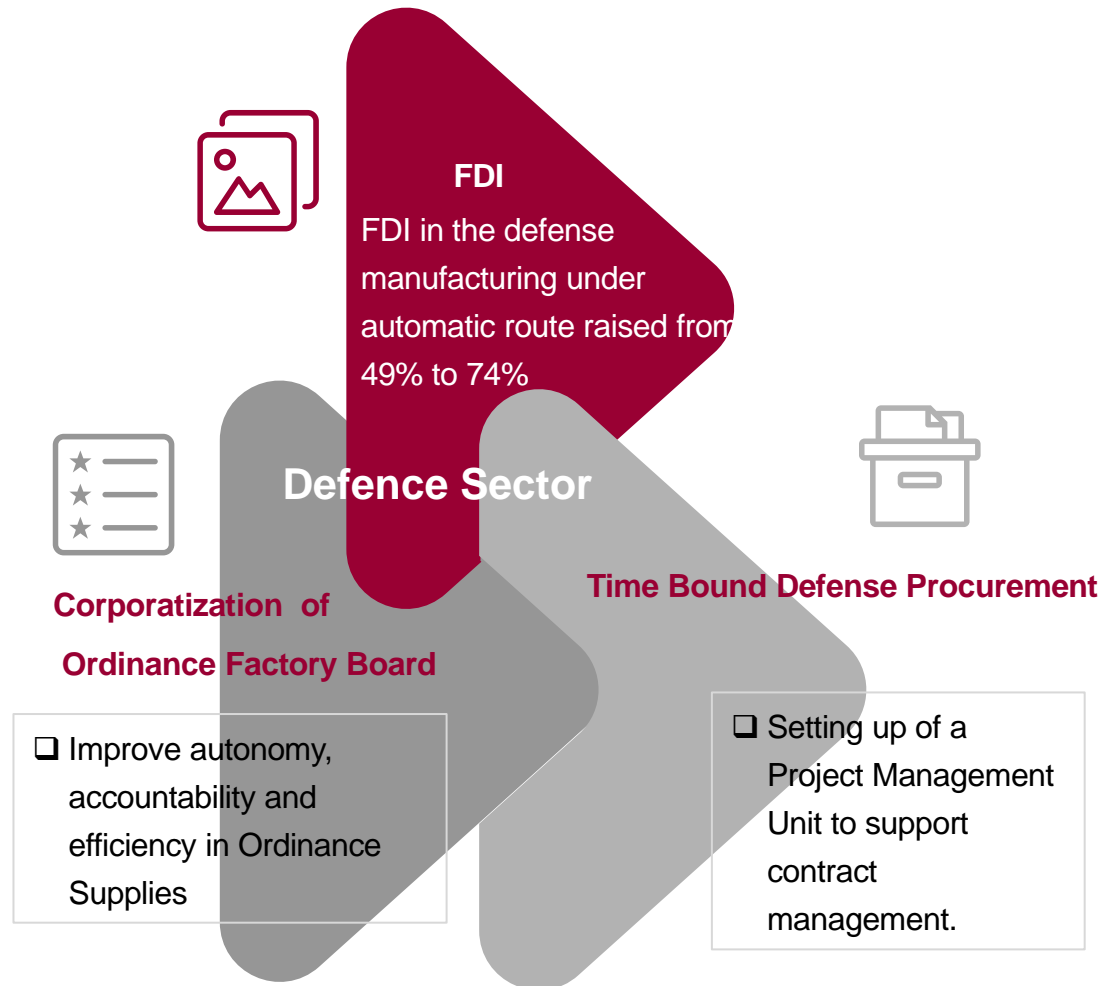
- ❑ 500 mining blocks will be offered through an open and transparent auction process

- ❑ Remove distinction between captive and non captive mines to allow sale of surplus unused minerals

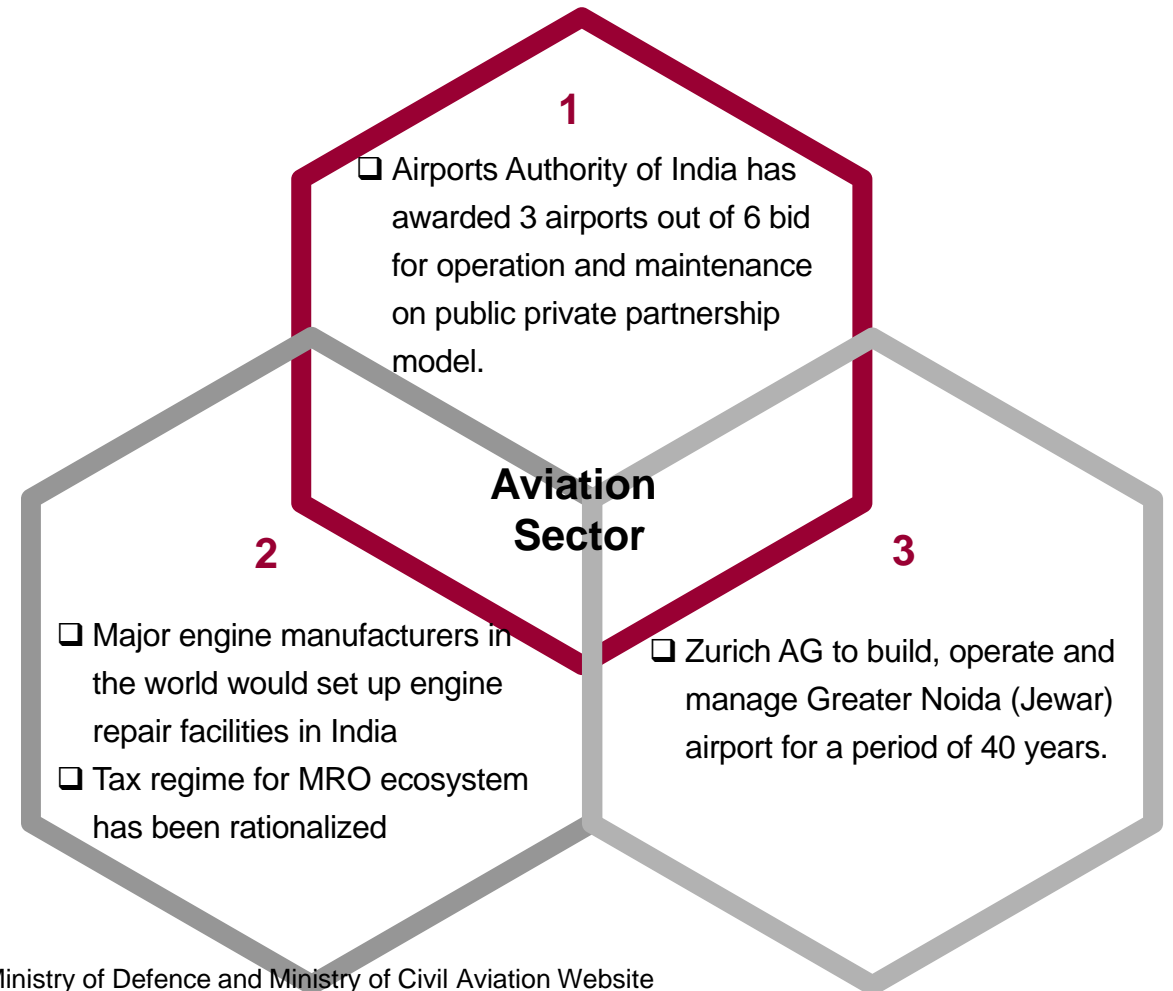
- ❑ Rationalization of stamp duty payable at the award of mining leases

Mineral Sector

FDI Increase in Defense Manufacturing



India to become MRO Hub & Auction of Airports through PPP Mode



Private Participation Boost in Space Exploration

Space Sector



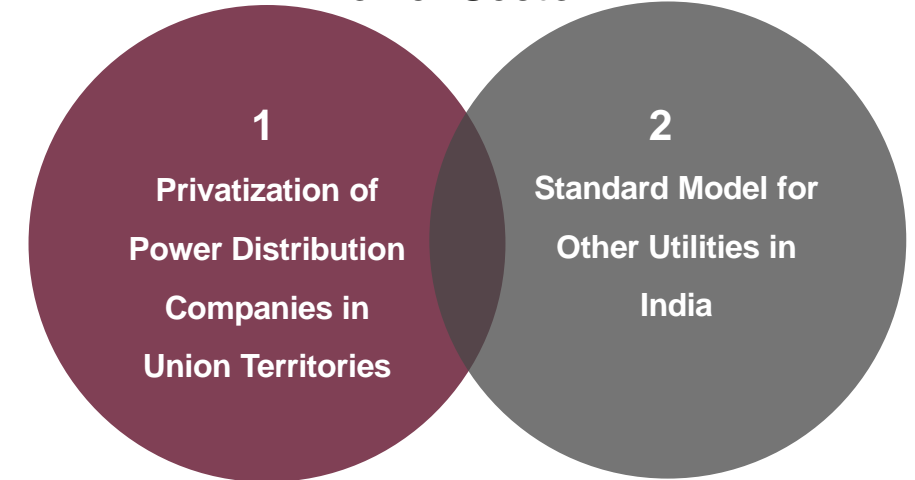
- ❑ Indian private sector will be allowed into space industry to provide level playing field for private companies in satellites, launches and space-based services. .

- ❑ Government of India will provide predictable policy and regulatory environment to private players

- ❑ Liberal geo spatial policy will provide remote sensing data to tech-entrepreneurs in India

Privatization of Power Distribution

Power Sector



- ❑ Move by government of India to enhance improvement in operational and financial efficiency in power distribution

- ❑ New tariff policy will be rolled
- ❑ This privatization model is likely to provide a model for emulation by other utilities in the country

Reforms Set to Reduce Logistics Cost from 14% of GDP to 10% of GDP



Source- Ministry of Railways, Road Transport and Highways, Civil Aviation, Shipping

Land Reforms

Central Land Reforms

- ❑ Introduction of GIS based platform for availability of industrial land and land resources

Land Reforms- Uttar Pradesh

- ❑ Developing online system for land allotment.

Land Reforms- Gujarat

- ❑ Making Unused Land available in SEZ which have robust infrastructure
- ❑ 33,000 hectares set aside and land to be allotted in 7 days

Land Reforms- Karnataka

- ❑ Allowing Industries to buy land directly from farmers
- ❑ Deemed approval within 30 days if no red flags raised by commissioner



Labour Reforms

Central Labour Reforms

- ❑ 44 Central Labour laws merged into 4 categories- wages, social security, industrial safety & welfare, and industrial relations

Labour Reform Codes

- ❑ The Labour Codes provide for 'one labour return, one license and one registration' to smoothen compliance.

Labour Reforms- Gujarat and Assam

- ❑ Shift hours raised to 12 hours from 8 hours
- ❑ Overtime up to 72 hours permitted

Labour Reforms- Gujarat, Karnataka and Bihar

- ❑ Amended laws to ensure provisions relating to layoffs will apply to businesses having 300 workers; raised from 100 workers

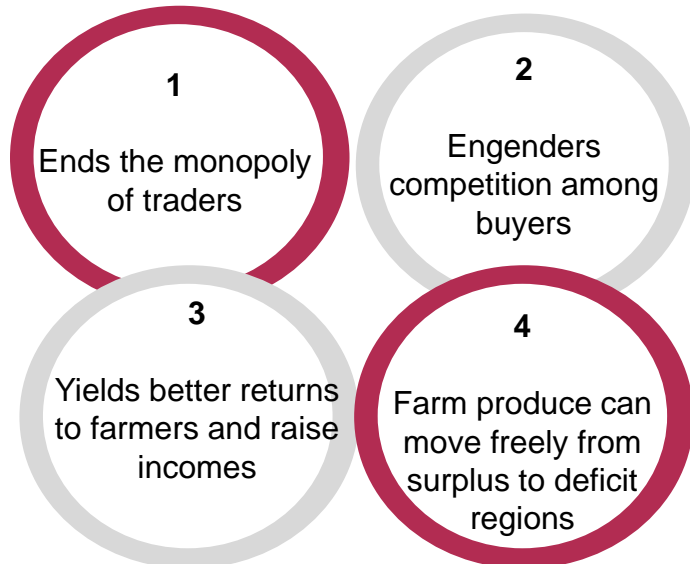
Agriculture and Farm Reforms

The Farmers Produce Trade And Commerce (Promotion And Facilitation) Bill 2020

Farmers are free to sell their produce to anybody, anywhere

Removes all barriers for intra and inter state trade in agricultural produce

How Does it Help?



Creates national market for farmers and consumer gets better products

The Essential Commodities (Amendment) Bill 2020

Removes Cereals, pulses, oilseed, edible oils, onion from the list of essential commodities

Does away with imposition of stock limit except under exceptional conditions

How Does it Help?



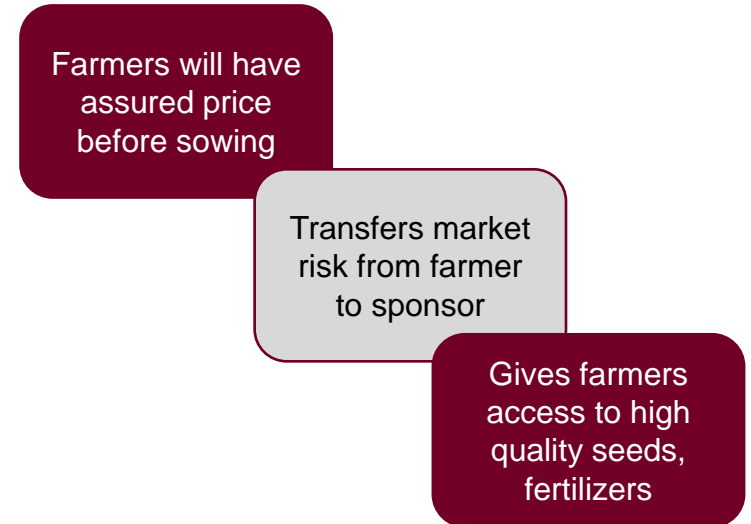
Facilitates investments in agri infrastructure and opportunities for better price realisation

Farmers (Empowerment And Protection) Agreement of Price Assurance & Farm Services Bill

The bill relates to contract farming

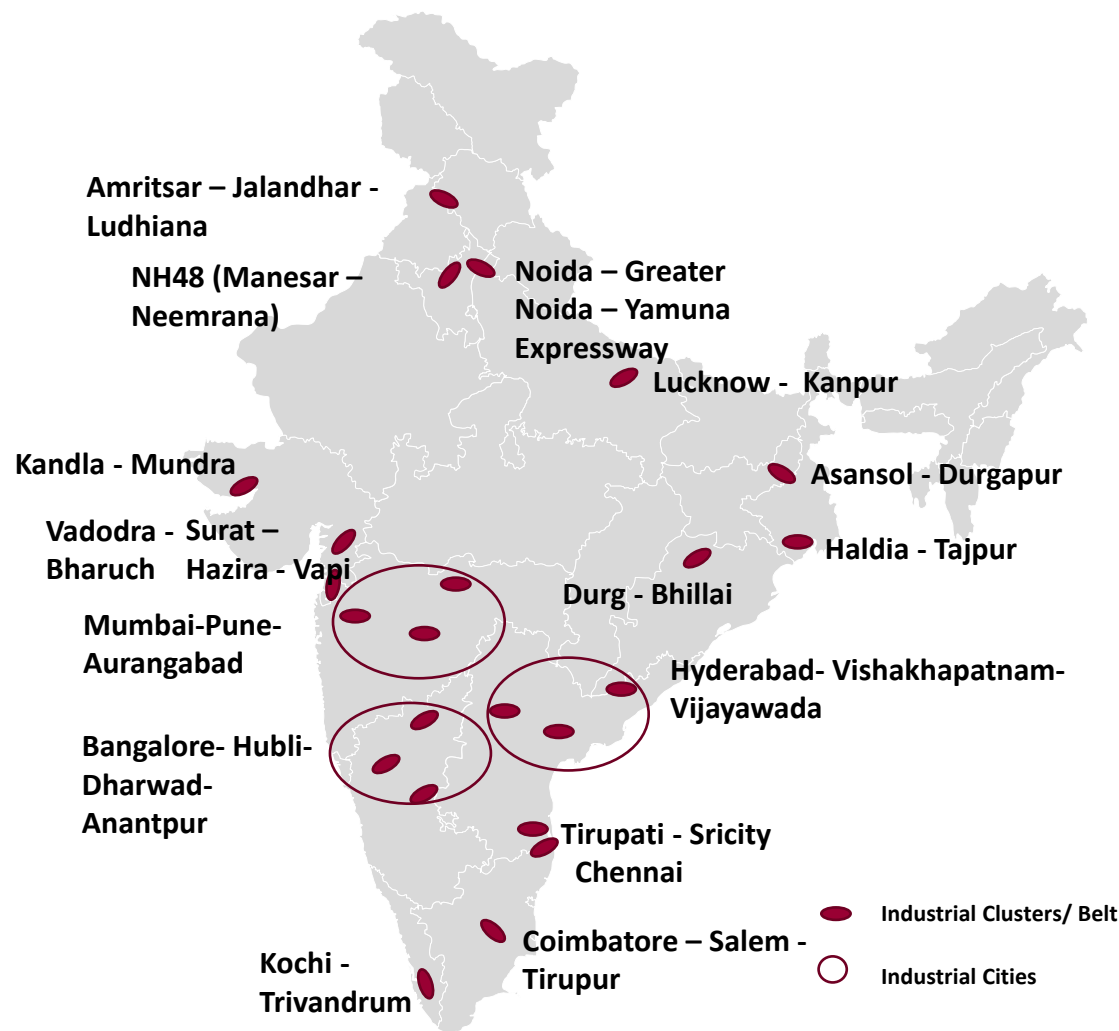
Allows farmers to tie up with large buyers, exporters and retailers

How Does it Help?



Will attract private investments in farming and link farms to global markets

Major Industrial Clusters and Cities of India



1

NH 48- Gurugram Bhiwadi Neemrana Corridor
India's Oldest Auto Cluster

2

Noida- Greater Noida Yamuna Expressway
India's Electronics Manufacturing Cluster

3

Vadodara- Bharuch – Ankleshwar Cluster
India's Power Engineering and Chemicals Cluster

4

Tirupati- Chennai- Nellore
The Tri- City Industrial Corridor

5

Mumbai-Pune- Aurangabad
India's New Industrial, IT and Manufacturing Belt



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