



# INDIA – LITHUANIA: OPPORTUNITIES TO FLY

LITHUANIA, APRIL 13, 2015





# India's Chance to Fly



Source: The Economist



# CATCHING UP WITH CHINA

## Worth trumpeting about

GDP, % increase on a year earlier



Sources: IMF; national sources

\*Fiscal years ending March, 2011-12 base year from 2012 onwards

Economist.com



# Emerging Markets are slowing

- Russia
- Brazil
- China
- South Africa
- India – “Can take the wing and become global economy’s high flyer”

# India is set to take off

- New government's mandate for change, growth and jobs.
- Major economic reforms on the agenda



Mr. Narendra Modi, Prime Minister of India

# Major Economic Reforms

- 14 regulatory systems merged into one: Ease of Doing Business
- “Plug and Play” in infrastructure investment
- 150 countries – Visa on Arrival
- Big boost to infrastructure – dedicated infrastructure vehicles





# OPPORTUNITIES FOR INVESTORS

- Make in India
- Smart Cities
- Digital India
- Skill India
- Sanitation (Swachh Bharat)
- Ease of Doing Business
- Financial inclusion ( PM Jan Dhan Yojana)
- Cooperative Federalism
- Clean Ganga River





# India will fly

- 8% Growth
- 10% Trajectory
- Major reforms with political coverage
- “Domestic manufacturing”
- Invest in India





# “Make in India” – A New Path-breaking Initiative

- Unveiled on 25 September 2014 **“Make in India”** is one of the several path-breaking national program of the Government of India.

- Intended to facilitate both **domestic and foreign investments** and create an sustainable ecosystem of **best-in-class** manufacturing **infrastructure** in India.

- Aimed at transformation from the services-driven growth model to labor-intensive manufacturing-driven growth, pushing the **share of manufacturing in GDP** to **25% from current 15%** over the next 10 years & creating 10 million jobs per year.



# “Make in India” – A New Path-breaking Initiative

- **25 high-priority sectors** have been identified in which India has the potential of becoming a world leader.

- An eight-member **“Investment Facilitation Cell (IFC)”** was formed under “Make in India” to expedite **regulatory approvals**, and offer **hand-holding services** through the pre-investment phase, execution and after-care support.

- IFC answers **investor queries** send through Make in India portal and follows up for **information/approvals** from all departments/agencies of government on behalf of investors. It also schedules meetings with the concerned government departments.



# 'Make in India' campaign

Four Pillars of New Revolution



**New  
Processes**



**New  
Infrastructure**



**New  
Sectors**



**New  
Mindsets**





# Four pillars for transformation in manufacturing have been defined

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## Improving Business Environment

- Ease of Doing Business
- De-licensing & Deregulation

## Enabling Manufacturing

- Industrial Corridors
- Industrial Clusters
- Smart Cities

## Opening up and Liberation of Foreign Direct Investment in key sectors

- Defence Products
- Construction
- Rail infrastructure sector
- Medical Devices
- Insurance

## New Mindset

- Dedicated team for assistance and handholding
- Focused targeting of companies across



# FDI policy

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- FDI, up to 100% under **automatic route** in most sectors/activities.
- In sectors where FDI is not permitted through the automatic route (and are not in the prohibited list), FDI is allowed through **Government approval route**.
- Under **Government approval route**, applications are considered for approval by the Foreign Investment Promotion Board (FIPB).

**FDI equity inflows at USD 37.76 billion are 33.14 per cent higher in April, 2014 to January, 2015 over same period last year**





# Liberalized Foreign Direct Investment in key sectors

100% FDI permitted in  
Telecom Sector  
49% under automatic  
route  
Beyond 49% under  
Government approval  
route

100% FDI permitted in  
Asset Reconstruction  
Companies  
49% under automatic  
route  
Beyond 49% under  
Government approval  
route

100% FDI in single-  
brand retail  
49% under automatic  
route  
Beyond 49% under  
Government approval  
route



# India as an Investment Destination

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## UNCTAD's World Investment Report, 2014

- Ranked 4<sup>th</sup> among the Top-priority Host Economies

## Japan Bank for International Cooperation: 2013 Survey

- Ranked 2<sup>nd</sup> Most Promising Country for Overseas Business Operations in Medium Term
- Ranked Top Investment Destination in Long Term

## Deloitte's Global Manufacturing Competitiveness Index, 2013

- Ranked 4<sup>th</sup> in Current Competitiveness
- Ranked 2<sup>nd</sup> in Competitiveness in five years

## Ernst & Young's Attractiveness Survey, 2014 (India)

- Continues as one of the Top Global Destination for FDI





# India as an Investment Destination

## HSBC Global Connections: Global Overview Trade Forecast Report, September, 2014

- India is expected to be the world's fastest growing exporter between 2014 and 2030.

## OECD

- India is the only country among top economies to increase its pace of growth

## International Monetary Fund

- India is the 2<sup>nd</sup> fastest growing economy in next five years

## World Bank Group: Global Economic Prospects, January, 2015

- India to be world's fastest growing big economy by 2017





# Business-focused reforms – “Make in India”

I

## Ease of doing business:

- Simplifying market entry and exit procedures.
- Focus on online investor interface, business process re-engineering.

II

## Labour reforms:

- Slew
- States providing template for reforms – M.P., Rajasthan, M.P., Maharashtra, A.P., etc.

III

## Land reforms:

- Intended amendments to LARR Act 2013
- State-level reforms in action, more states in pipeline.

IV

## Creating critical enablers:

- Skill development
- Power availability
- Key infrastructure – Roads, ports, Railways, dedicated corridors.

V

## Liberalized FDI policies:

- 100% FDI in Construction, Railways Infrastructure; 49% in Defence.

## “Make in India” has grabbed significant mindshare

Over **5,000** business queries **received by IFC** through “Make in India” portal

Over **15 million hits** on “Make in India” portal.  
Over **220 K followers** on **Twitter**, and over **2.5 million likes** on **Facebook**.

**FDI inflows** expected to become **2X** in next two years.  
Numerous investment proposals from the **US, Japan, China, Australia**, etc.

Increased no. of **private jet flights** and **occupancy of business class seats** in aircrafts landing in India.



# SECTORS TO INVEST



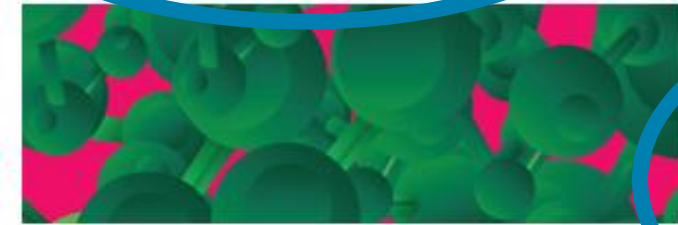
**AUTOMOBILES**



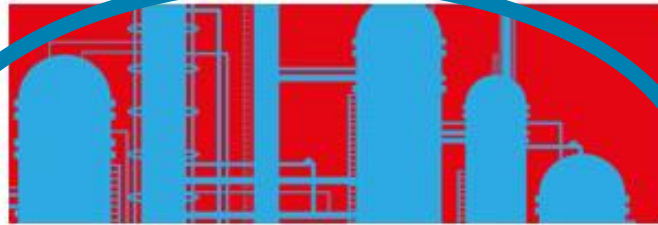
**AUTOMOBILE COMPONENTS**



**AVIATION**



**BIOTECHNOLOGY**



**CHEMICALS**



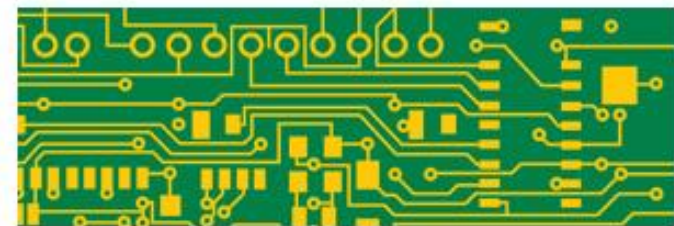
**CONSTRUCTION**



**DEFENCE MANUFACTURING**



**ELECTRICAL MACHINERY**



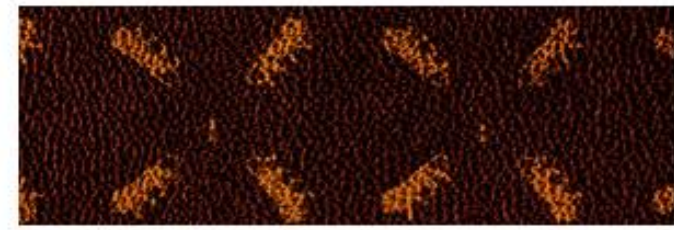
**ELECTRONIC SYSTEMS**



**FOOD PROCESSING**



**IT AND BPM**



**LEATHER**



**MEDIA AND ENTERTAINMENT**



**MINING**



**OIL AND GAS**



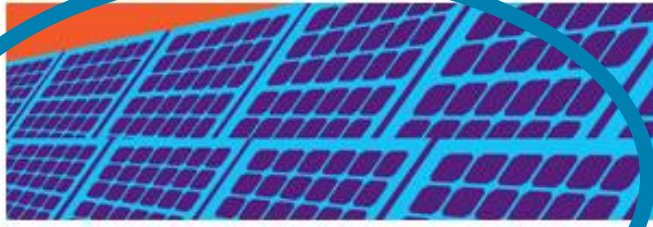
**PHARMACEUTICALS**



**PORTS**



**RAILWAYS**



**RENEWABLE ENERGY**



**ROADS AND HIGHWAYS**



**SPACE**



**TEXTILES AND GARMENTS**



**THERMAL POWER**



**TOURISM AND HOSPITALITY**



**WELLNESS**

# Automobiles

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- Largest tractor manufacturer; 2<sup>nd</sup> largest two wheeler manufacturer; 2<sup>nd</sup> largest bus manufacturer; 5<sup>th</sup> largest heavy truck manufacturer; 6<sup>th</sup> largest car manufacturer; 8<sup>th</sup> largest commercial vehicle manufacturer
- India's car market potential: 6+ Millions units annually by 2020
- Huge opportunities in two-wheeler segment – growth from 8.5 mn to 16.9 mn units per annum in last 7 years
- Natural advantage, among the lowest cost producers of steel in the world
- Significant Manufacturing base of OEMs - BMW, Caterpillar, Daimler, Fiat, Ford, GM, Honda, Hyundai, JCB, John Deere, Suzuki, Mercedes Benz, New Holland, Nissan, PSA, Renault, Skoda, Toyota, Volkswagen, Volvo, Yamaha
- Design & Research Centres of leading Global companies in India

• *Huge demand for low-cost Hybrid and Electric Vehicles*



# Chemicals

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- 3<sup>rd</sup> largest producer in Asia & 6<sup>th</sup> largest by output in the world
- 3<sup>rd</sup> largest producer of agro-chemicals globally
- 3<sup>rd</sup> largest consumer of polymers globally
- India's colourant industry: valued at US\$6.8 bn, with exports accounting for nearly 75%
- Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) set up for manufacturing of domestic and export-related products
- Key growth factors: large population; dependence on agriculture; strong export demand

*Investment opportunities exist in agro-chemicals, speciality chemicals, colorant chemicals and petrochemicals.*



# Defence Manufacturing

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- FDI update: Up to 49% FDI is now allowed under the approval route, which can go upto 100% in case of access to modern and 'state-of-art' technology
- Portfolio investment and investments by FVCIs together allowed up to 24% under the automatic route
- Government policy: promoting self-reliance; indigenization; technology upgradation; achieving economies of scale; developing capabilities for exports in the defence; extensive modernization plans, an increased focus on homeland security

*• 53% of the defence items for manufacturing by private sector have been de-licensed and dual use items having military as well as civilian applications deregulated*





# Food Processing

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- A total of 127 agro-climatic zones identified in India, making India a rich agriculture resource base
- 121 cold chain projects being set up to develop supply chain infrastructure;
- 42 mega food parks being set up in India; these will provide plug & play facilities for investors
- National Food Processing Policy aims to increase the level of food processing from 10% in 2010 to 25% in 2025

*Investment opportunities include fruit & vegetables processing, supply chain infrastructure, establishment of food parks, food processing equipment, food preservation and packaging, ready to eat/snacks, spice pastes, fermented beverages, food additives and nutraceuticals, beverages, dairy, confectionery and bakery, meat and poultry, marine products, grain processing.*







# Mining

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- India has vast mineral potential with mining leases granted for durations of 20 to 30 years
- The demand for various metals and minerals will grow substantially over the next 15 years; Projected growth ~ 7%
- India's strategic location enables convenient exports
- Advantage in the cost of production & conversion costs of steel & alumina
- Passing of Ordinance to improve transparency and greater investments in Mining sector.

*Investment opportunities exist in iron and steel, aluminium, base metals, precious metals etc.*





# Pharmaceuticals

- Accounts for 20% of global pharmaceutical exports in terms of volume; Largest provider of generic medicines globally; Domestic pharma market expected to grow at 10-12% in FY15 as compared to 9% in FY14
- Expected to rank among top 3 pharmaceutical markets in terms of incremental growth by 2020 and to be the 3rd largest global market for active pharmaceutical ingredients by 2016, with a 7.2% increase in market share.
- Formulations industry: Largest exporter with 14% market share; ranks 12th in the world in terms of export value.
- During 2011–16, patent drugs worth USD 255 bn are estimated to go off-patent providing tremendous opportunities for Indian generics manufacturers.

*India's largest integrated pharmaceutical city, Emerging hub for contract research, Biotechnology, Clinical trials and Clinical data management, Drug Delivery Systems*



# Ports

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- 95% of its foreign trade in terms of volume and 70% in terms of value is by sea
- Government is increasingly focusing on infrastructure development (ports, ships and other maritime services)
- Increase in traffic handling capacity from 744 MMT in 2009 to 973 MMT in 2014
- Increasing trade activities & private participation in port infrastructure development
- Sagarmala project planned aimed at port-led development in the coastal states.
- Special Economic Zones are being developed in close proximity to several ports – comprising coal-based power plants, steel plants and oil refineries.

*Investment opportunities: Port development, Port support services, Ship repair facilities in ports*



# Renewable Energy

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- Estimated renewable energy potential of about 895 GW from commercially exploitable sources with 750 GW solar power potential, assuming only 3% wasteland is made available
- Plans to scale up renewable energy to 165 GW, of this solar energy will be 100 GW by 2020
- Major policy incentives given by the Government, including accelerated depreciation, generation based incentives; feed in tariff and viability gap funding are expected to add massive investments.
- Prices for solar modules have declined by almost 80% & wind turbine by more than 25% since 2008

*Investment opportunities exist in solar photovoltaic, wind and bio-power (including biomass and bagasse co-generation)*





# Textiles & Garments

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- India has the second-largest manufacturing capacity globally.
- India has the highest loom capacity (including hand looms) with 63% of the world's market share.
- India enjoys a comparative advantage in terms of availability of raw material, skilled manpower and cost of production over major textile producers.
- Rising per capita income, favorable demographics and a shift in preference for branded products is expected to boost demand.
- Textiles exports from India projected to be around US\$300 billion by 2025.

*Investment opportunities: Entire value chain of synthetics, value-added and specialty fabrics, fabric processing set-ups for all kind of natural and synthetic textiles, technical textiles, garments, retail brands.*



# Thermal Power

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- 4 ultra mega power projects (UMPPs) awarded in Sasan (Madhya Pradesh), Krishnapatnam (Andhra Pradesh), Tilaiya (Jharkhand), Mundra (Gujarat – operational).
- Five more ultra mega power projects (UMPPs), under the plug and play model will be set up with total investments of INR 1 trillion
- The government is targeting a capacity addition of 88.5 GW during 2012-17 and 86.4 GW during 2017-22
- A growing population is likely to boost demand for energy

*Investment opportunities exist in power generation, transmission & distribution, power trading, power exchanges*



# MAKE IN INDIA AN EMERGING MANUFACTURING HUB



## DEFENCE SECTOR

- FDI relaxed recently.
- Opportunities under defence off sets.
- Allocation to defence in budget at USD 38 billion.
- Large demand met by imports currently.

## ELECTRONICS

- Demand projected by USD 95 billion by 2015.
- Attracting incentives schemes.
- Creation of EMCs



## FOOD PROCESSING

- Availability of raw materials.
- Creation of mega food parks.
- Incentive schemes

## PHARMACEUTICALS

- Leading mfg. of generic drugs.
- Large domestic markets.
- Emerging hub for CRAMS market.



# MAKE IN INDIA AN EMERGING MANUFACTURING HUB



## TEXTILES

- Strong manufacturing base across value chain.
- Integrated textile parks being set-up.

## MACHINERY

- Investment opportunities across sub segments like heavy & light engineering etc.



## CHEMICALS

- Third largest producer in ASIA and 6<sup>th</sup> in the world.
- Setting up of PCPIR.

## AUTO

- Emerging mfg. hub for low cost cars.
- Major component sourcing hub
- New areas like electric vehicles





# INFRASTRUCTURE THE TRILLION DOLLAR OPPORTUNITY



## PORTS

- India has 13 major ports and about 200 non-major ports.
- Cargo traffic, which was 911.5 million metric tonnes (MMT) in 2012 is expected to reach 1,758 MMT by 2017.

## TRANSPORT INFRASTRUCTURE

- FDI opened up in Railways
- Opportunities include high speed trains, manufacturing of locomotives.

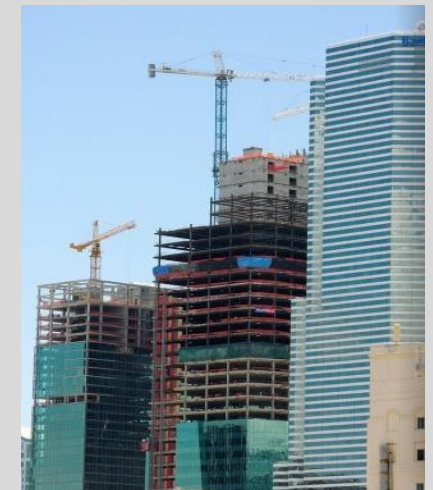


## ENERGY

- Investment Target USD 235 billion (2012-17)
- 10 year tax holiday
- Opportunities: power generation, transmission & distribution

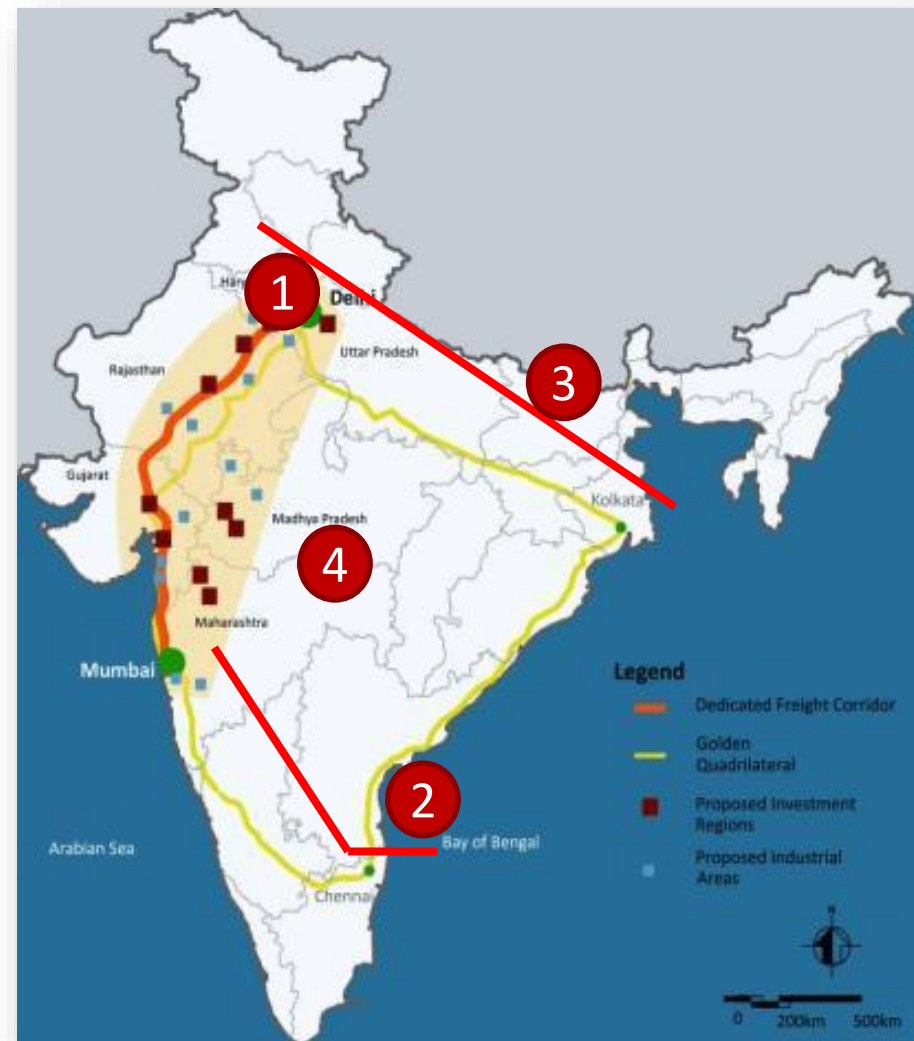
## CONSTRUCTION DEVELOPMENT

- 100 smart cities planned.
- FDI conditions relaxed.
- Opportunities across segments



# INDUSTRIAL CORRIDORS

- ❑ Four Industrial corridors - global manufacturing and investment destination being planned - Develop new manufacturing cities, logistical hubs and residential townships
- ❑ Delhi Mumbai Industrial Corridor (DMIC)
- ❑ Chennai Bengaluru Industrial Corridor (CBIC)
- ❑ Amritsar - Delhi - Kolkata Industrial Corridor
- ❑ Bengaluru Mumbai Economic Corridor



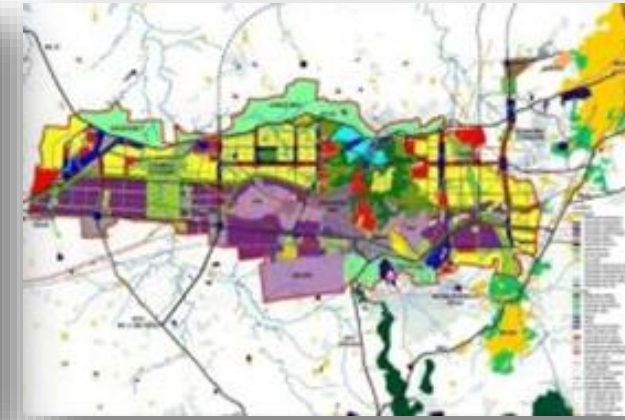
# DELHI MUMBAI INDUSTRIAL CORRIDOR



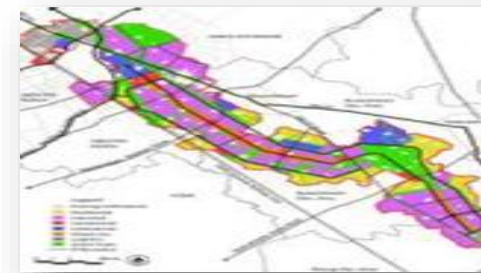
**Exhibition Center,  
Aurangabad**



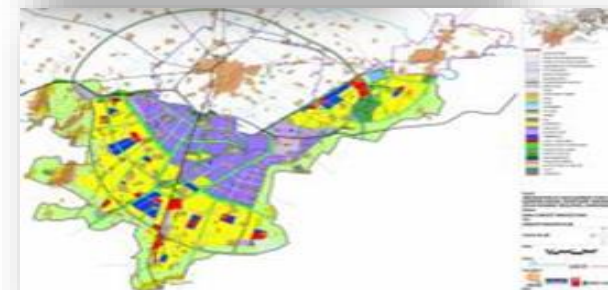
**Exhibition cum Convention  
Centre at Dwarka, New Delhi**



**Pithampur-Dhar- Mhow – Master Plan**



**Dadri -  
Noida –  
Ghaziabad  
Investment  
Region  
Master Plan**



**Manesar – Bawal Master Plan**

## DELHI MUMBAI INDUSTRIAL CORRIDOR (DMIC)

- Global manufacturing & investment destination (90\$b investment)
  - 1500km long, high-capacity, western Dedicated Railway Freight Corridor (DFC)
  - 24 international-caliber ICT-enabled industrial cities (including 8 NIMZs) envisioned in the master plan
  - Opportunities across the value chain - power, transportation, equipment, internal infrastructure, ICT



## CHENNAI BENGALURU INDUSTRIAL CORRIDOR (CBIC)

- DIPP and Japan International Cooperation Agency (JICA), who are the official consultants of the project have launched the study for the Chennai-Bengaluru-Chitradurga corridor in October 2013.
- The study will cover an area of 560 Km spread across the States of Karnataka, Andhra Pradesh and Tamil Nadu, along the corridor between Chennai-Bengaluru-Chitradurga.



# HANNOVER MESSE

India – Partner Country

INDIA PAVILION AT  
**HANNOVER MESSE FAIR 2015**



HANNOVER  
MESSE

April 13 - 17, 2015

Hannover, Germany



# Elephant will Fly – Invite the White Knight to Fly with us



**Thank You**

**Commercial Wing  
Embassy of  
India, Warsaw**