

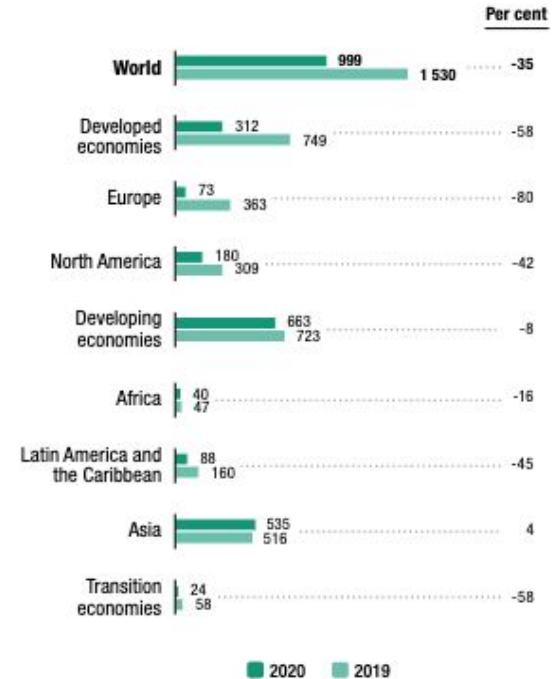
Invest in India

Every tomorrow of India is better than today

India: Conqueror of the record FDI

- When global FDI inflows squeezed more than 35%, India has attracted highest ever total FDI inflow of US\$ 81.72 billion during the financial year 2020-21 and it is 10% higher as compared to the last financial year 2019-20 (US\$ 74.39 billion).
- India fifth largest recipient in the world in 2020, up from eighth position it held in the previous year, bypassing stronger countries like Brazil, Canada, Germany etc.
- The major sectors, namely Construction (Infrastructure) Activities, Computer Software & Hardware, Rubber Goods, Retail Trading, Drugs & Pharmaceuticals and Electrical Equipment have recorded more than 100% jump in equity during the F.Y. 2020-21 as compared to the previous year

Figure I.4. FDI inflows, by region, 2019 and 2020
(Billions of dollars and per cent)



Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

India: Country with a strong underlying fundamentals

- India remains the fastest growing economy in the world - economic fundamentals are strong, and reform momentum continues
- India's forecast has been revised upward to 5.6 per cent to 10.1 per cent in 2021-22, and nominal GDP by 15.4%, highest since independence
- According to data from the RBI, as of the week ended on June 04, 2021, the foreign exchange reserves in India increased by US\$ 6.842 billion to reach US\$ 605 billion.
- Sensex hits all-time high above 55500, Nifty above 16,600 showing the optimism on economy
- Consumer Food Price Index (CFPI) – Combined inflation was 5.01 in May 2021 against 1.96 in April 2021.
- Consumer Price Index (CPI) – Combined inflation was 6.30 in May 2021 against 4.23 in April 2021.

BSE SENSEX

55,949.10

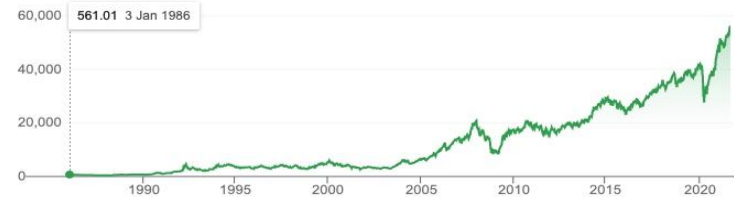
+55,388.09 (9,872.92%) ↑ all time

26 Aug, 3:40 pm IST · Disclaimer

INDEXBOM: SENSEX

+ Follow

1D 5D 1M 6M YTD 1Y 5Y Max



NIFTY 50

16,636.90

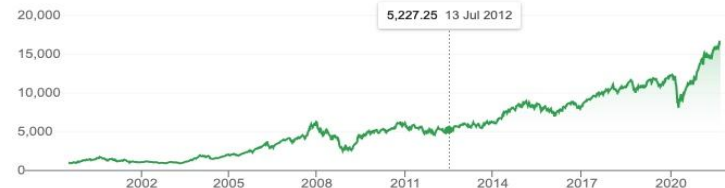
+15,746.10 (1,767.64%) ↑ all time

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1D 5D 1M 6M YTD 1Y 5Y Max



Trust: A major component driving the FDIs in India

- The FDI Inflows didn't come just from the handful of countries but from 89 different countries across 63 sectors, which substantiate the trust factor in India, even among the developing nations and emerging economies like Kenya, Ukraine, Columbia etc.
- As per the recent JBIC survey India was on top at 2019 and second at 2020, Japanese companies on the basis of 18 parameters future growth potential of local market, size of market, inexpensive labour, supply base, qualified human resources keeps India on the top.
- To boost the overall audit quality, transparency and add value to businesses, in April 2021, the RBI issued a notice on new norms to appoint statutory and central auditors for commercial banks, large urban co-operatives and large non-banks and housing finance firms.

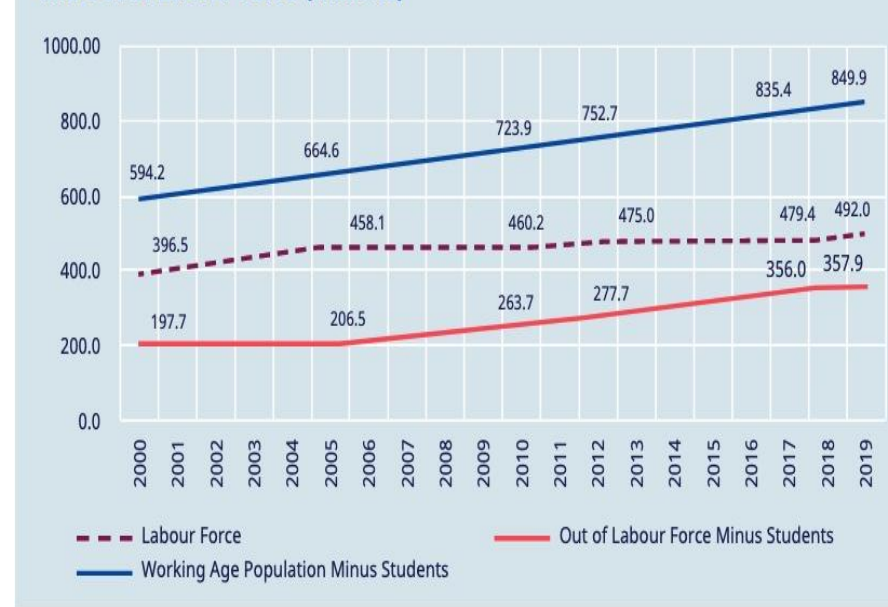
Figure 6. Promising Countries for Overseas Business over the Mid-term (Next 3 Years)

Ranking			Countries (Total)	No. of Companies		Percentage Share(%)	
2020 ← 2019				2020	2019	2020	2019
				356	404		
1	▲	2	China	168	180	47.2	44.6
2	▼	1	India	163	193	45.8	47.8
3	—	3	Vietnam	131	147	36.8	36.4
4	—	4	Thailand	111	133	31.2	32.9
5	▲	6	US	98	93	27.5	23.0
6	▼	5	Indonesia	96	102	27.0	25.2
7	—	7	Philippines	37	48	10.4	11.9
8	▲	9	Malaysia	34	41	9.6	10.1
9	▼	8	Mexico	32	47	9.0	11.6
10	▼	9	Myanmar	25	41	7.0	10.1

India's Workforce/Youth population is stronger than ever

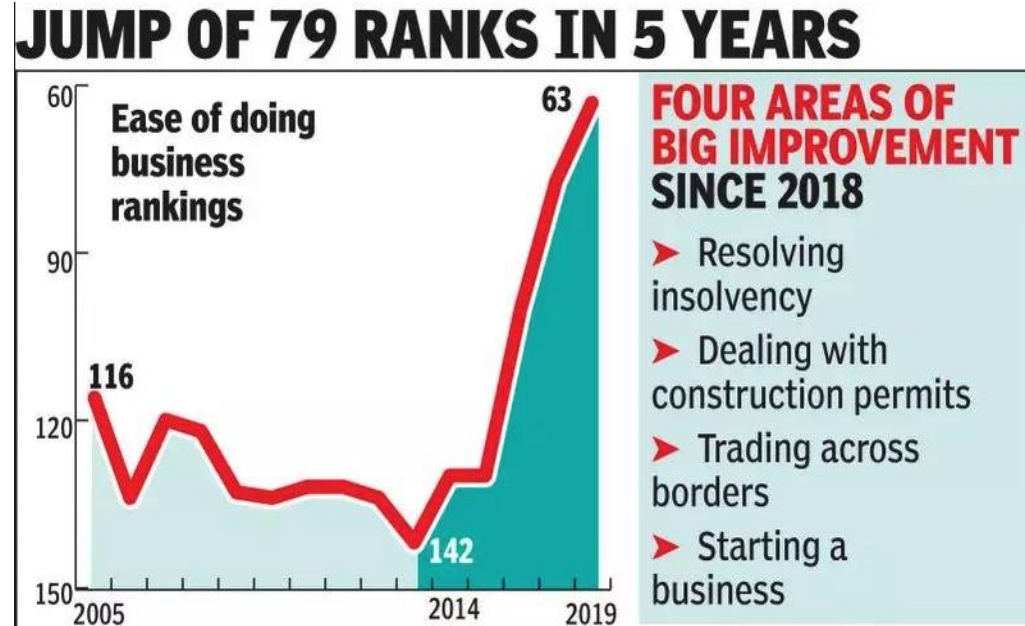
- The population of India is expected to rise from 121.1 cr to 152.2 cr during 2011-36 an increase of 25.7%, making an unprecedented supply of human capital
- India has the third-largest group of scientists and technicians in the world, which will drive the next digital wave and technological shifts
- Ministry of Youth Affairs and Sports signed a Statement of Intent with YuWaah with UNICEF to strengthen resolve to mobilize 1 crore youth volunteers to achieve goals of Atmanirbhar Bharat
- As per the 2021 National Employability Test Analysis, a vast majority 85.92% of test takers seeking internship opportunities with organizations. This is a clear indication of a job-ready talent pool in India lacking only in experience
- One of the largest English speaking population

► Figure 7. Shifts in the Composition of 15 Plus Adult Population- Labour Force and Out of Labour Force (millions)



Ease of doing Business and best Tax Rates

- India jumps 79 positions from 142nd (2014) to 63rd (2019) in 'World Bank's Ease of Doing Business Ranking 2020'.
- Goods and Services Tax (GST), the biggest tax reforms since independence, paves way for a common national market by integrating various indirect taxes.
- Last year, India announced one of the most attractive tax rates available anywhere in the world at 22% tax for businesses in India and 15% tax for new manufacturing facilities set up after October 2019



Production Linked Incentives: The FDI Booster

- With production-linked incentive scheme providing excellent opportunities. Consistently proactive, graded and measured policy support is anticipated to boost the Indian economy.
- Hon'ble Finance Minister, Smt Nirmala Sitharaman has announced an outlay of INR 1.97 Lakh Crores for the Production Linked Incentive (PLI) Schemes across 13 key sectors, to create national manufacturing champions and generate employment opportunities for the country's youth.
- In May 2021, the government approved the production linked incentive (PLI) scheme for manufacturing advanced chemistry cell (ACC) batteries at an estimated outlay of Rs. 18,100 crore (US\$ 2.44 billion); this move is expected to attract domestic and foreign investments worth Rs. 45,000 crore (US\$ 6.07 billion).
- In November 2020, the Government of India announced Rs. 2.65 lakh crore (US\$ 36 billion) stimulus package to generate job opportunities and provide liquidity support to various sectors such as tourism, aviation, construction and housing. Also, India's cabinet approved the production-linked incentives (PLI) scheme to provide ~Rs. 2 trillion (US\$ 27 billion) over five years to create jobs and boost production in the country.
- The Union Cabinet approved the production linked incentive (PLI) scheme for white goods (air conditioners and LED lights) with a budgetary outlay of Rs. 6,238 crore (US\$ 848.96 million) and the 'National Programme on High Efficiency Solar PV (Photo Voltic) Modules' with an outlay of Rs. 4,500 crore US\$ 612.43 million).

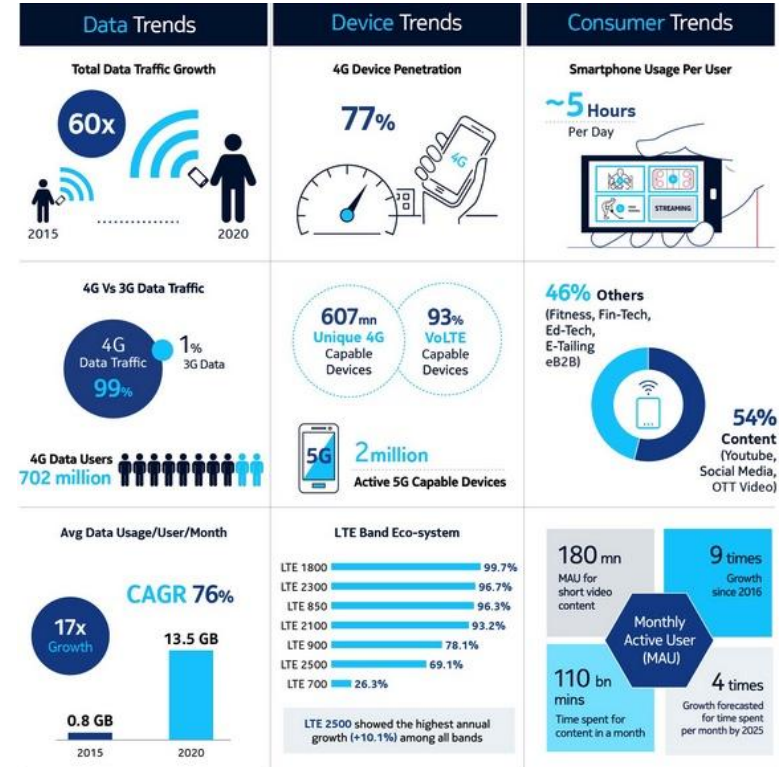
FDI Liberalisation

- Under the Automatic Route, the non-resident investor or the Indian company does not require any approval from Government of India for the investment.
- India opened investment in the coal mining industry to non-coal companies, which are now allowed to bid for coal mines. The country also liberalized the digital news media industry and the defence sector: foreign ownership is now allowed up to 26 per cent through the government approval route in the former industry and up to 74 per cent under the automatic route in the latter. In March 2021, India increased the FDI ceiling on insurance companies from 49 per cent to up to 74 per cent

SECTOR	AUTOMATIC
 Chemicals	100%
 Coal & Lignite	100%
 Construction Development: Townships, Housing, Built-up Infrastructure	100%
 Construction of Hospitals	100%
 Airports (Greenfield & Brownfield)	100%
 Autocomponents	100%
 Automobiles	100%
 Biotechnology (Brownfield)	UPTO 74%

India: The new Data Leader in every front

- As per the Mobile Broadband India Traffic Index (MBiT) 2021, The total data traffic grew by 36% year-on-year in 2020, primarily due to rise in 4G data consumption. With 100 million new additions, 4G subscribers surpassed 700 million during the year, consuming about 99% of overall mobile data traffic.
- Indians used about 12 GB data per month on an average in 2019, the highest consumption globally, and this is expected to rise even further to about 25 GB (gigabytes) per month by 2025
- 95% of 1.2 billion Indians** are covered under Aadhar Scheme, one of the world's largest social security program.
- Pradhan Mantri Jan Dhan Yojana, a formalization of savings scheme under which **312 mn bank accounts**



India: Gearing up for the infrastructure revolution

- Hon'ble Finance Minister Smt Nirmala Sitharaman announced the National Infrastructure Pipeline first-of-its-kind initiative to provide world-class infrastructure across the country.
- The NIP will attract investments into infrastructure and will be crucial for attaining the target of becoming a \$5 Tn economy by FY 2025.
- Nearly 7,000 projects across different sectors costing above INR 100 Crore per project and totaling INR 111 Lakh Crore have been identified
- Sectors such as Energy (24%), Roads (18%), Urban (17%) and Railways (12%) amount to around 71% of the projected infrastructure investments in India.
- An equity infusion of INR 6,000 crores has been made in the National Investment and Infrastructure Fund (NIIF) Infrastructure Debt Financing Platform to attract debt and equity investments in infrastructure

Infrastructure Push by Govt. of India

Roads	40 km / day (2017)	Aviation	250 airports
Railways	\$142 billion opportunity	Ports	\$57 billion Sagarmala Project
Housing for All	110 million houses (20 million)	Smart Cities	107 smart cities
Power	300 GW (total installed capacity) (<u>Villages</u> : 639,445 – <u>To be electrified</u> : 12,228)		
Renewable Energy	175GW (Solar: 100 GW / Wind: 60 GW / Others: 15 GW): 2022 target (Current: 43 GW capacity)		

Urbanisation: Meeting the demands

- With 10 million people migrating to the cities each year, real estate development is another top priority for India.
- Supply shortages across all three income groups, is a golden opportunity for Foreign investors

Cumulative housing supply and demand in India's top 8 cities

Number of units

● Supply ● Demand

Lower income group

● 25,000

● 1,982,000

Middle income group

● 647,000

● 1,457,000

High income group

● 351,000

● 717,000

Government Initiatives: Propelling new Avenues

Numerous foreign companies are setting up their facilities in India on account of various Government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, launched Make in India initiative with an aim to boost country's manufacturing sector and increase purchasing power of an average Indian consumer, which would further drive demand and spur development, thus benefiting investors. The Government of India, under its Make in India initiative, is trying to boost the contribution made by the manufacturing sector with an aim to take it to 25% of the GDP from the current 17%. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.



Startups landscape in India

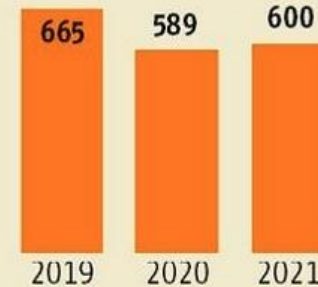
- In H1 2021, Indian startup funding touched \$10.15 billion, already exceeding the \$9.94 billion raised in the whole of last year. This was raised across 543 deals from around 1,020 active investors in the ecosystem.
- Early-stage startups raised \$1.1 billion across 405 deals, growth-stage startups raised \$1.9 billion across 55 deals and late-stage startups raised \$6.7 billion across 48 deals.
- India is the fourth-largest unicorn base in the world with over 21 unicorns collectively valued at US\$ 73.2 billion, as per the Hurun Global Unicorn List. By 2025, India is expected to have ~100 unicorns by 2025 and will create ~1.1 million direct jobs according to the Nasscom-Zinnov report 'Indian Tech Start-up'
- Private Equity - Venture Capital (PE-VC) sector recorded investments worth US\$ 20 billion in the first five months of 2021, registering a 2x growth in value compared with the same period in 2020.



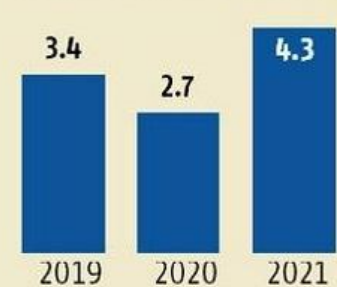
M&As: The uplifter of FDI

The report said FDI in South Asia rose by 20 per cent to USD 71 billion, driven mainly by strong M&As in India. "Amid India's struggle to contain the COVID-19 outbreak, robust investment through acquisitions in ICT (software and hardware) and construction bolstered FDI," it said adding that cross-border M&As surged 83 per cent to USD 27 billion, with major deals involving ICT, health, infrastructure and energy. Large transactions included the acquisition of Jio Platforms by Jaadhu, Jaadhu, a subsidiary of Facebook for USD 5.7 billion, the acquisition of Tower Infrastructure Trust by Canada's Brookfield Infrastructure and GIC (Singapore) for USD 3.7 billion and the sale of the electrical and automation division of Larsen & Toubro India for USD 2.1 billion. Another megadeal - Unilever India's merger with GlaxoSmithKline Consumer Healthcare India, a subsidiary of GSK United Kingdom) for USD 4.6 billion

Number of M&A deals in India



Proceeds of domestic IPOs (\$ bn)



The forecast

- M&As will decline globally from **\$2.8 trillion** in 2019 to **\$2.1 trillion** in 2020
- In the Asia Pacific, M&A activity to decline **18%** from **\$634 billion** in 2019 to **\$529 billion** in 2020
- IPO activity is expected to amount to **\$36 billion**, a **43%** fall from 2018

Source: Baker McKenzie, PII

Competitive capturing of Global Supply Chain by India

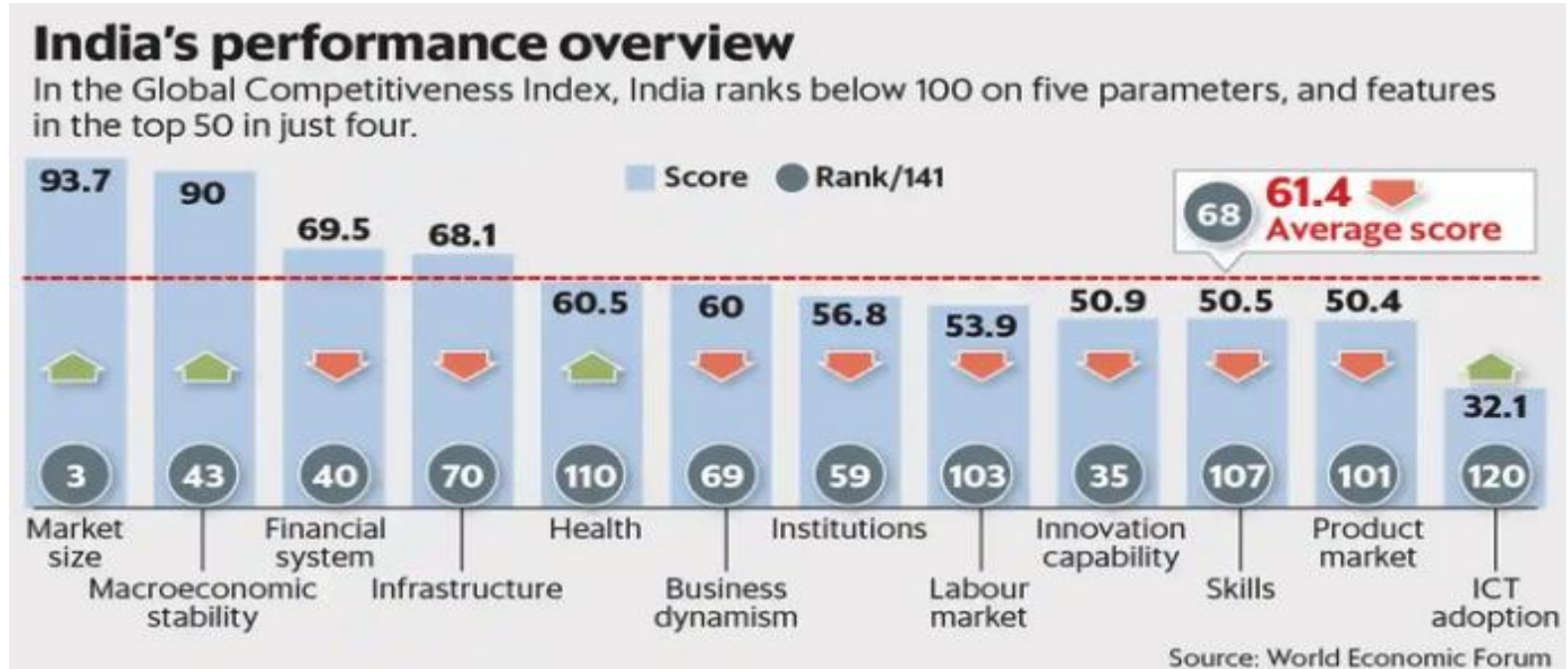
A major impact of the US-China trade war and the global pandemic has been disruption of traditional global supply chains originating from China. The disruption of international trade has necessitated a rethink on the supply chain.

With strong macroeconomic fundamentals, demographic dividend, highly-skilled English-speaking workforce, ease of doing business, cheap labor costs, enormous resource accesses, and an expanding market of 1.3 billion people, India has an exclusive chance to be the favorable investment destination across the globe.

To ameliorate US-China trade war fallouts, Apple Inc with a budgetary outlay of Rs 200 billion is set to shift its iPad manufacturing assembly to India. Elon Musk-led Tesla registered its subsidiary Tesla India Motors and Energy Private Ltd. Tesla also plans to set up an electric vehicle manufacturing division in Karnataka. On the heels of this statement, Starlink under SpaceX—the super-fast Internet venture—opened its pre-booking in India for \$99. Amazon declared its Fire TV stick device manufacturing – its first production line in India via a subsidiary of its manufacturing partner Foxconn Technology Group. Swedish retailer IKEA having bought a 48,000-square-metre plot in Noida also proposed to launch its first shopping centre in India—being among the world's largest sites.

Rise to the prominence

- India jumps 4 positions and ranks 48th in the Global Innovation Index 2020 rankings
- India ranks 3rd amongst the Lower Middle-Income Economy Group
- India ranks 68th on the Global Competitiveness Index 2018-19.



Leader's Opinion

"We cannot remain a global industry leader without a strong presence in India"

Karl Slym
Head, GM India

"India today is not an emerging economy. It has fully emerged, and it is in full bloom"

Olli Pekka Kallasvuo
President & CEO, Nokia

"Much of the world is flat or declining. Only India is growing."

Daniel J Magoon
Director, Lockheed Martin

"There are enormous opportunities to be tapped in India... The market here is good for both top line growth and profitability..."

Andrew Moss
Group Chief Executive, Aviva Plc

"India has taken its place in the world economy. A lot of them (Indian companies) can be global companies. You already have them in cars and autos, in electronics and systems."

Jamie Dimon
Chairman & CEO, JP Morgan

"Compared to China, India has a much stronger and self-sufficient skill base... India is truly the powerhouse of the future."

Michael Maedel

Thank You

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