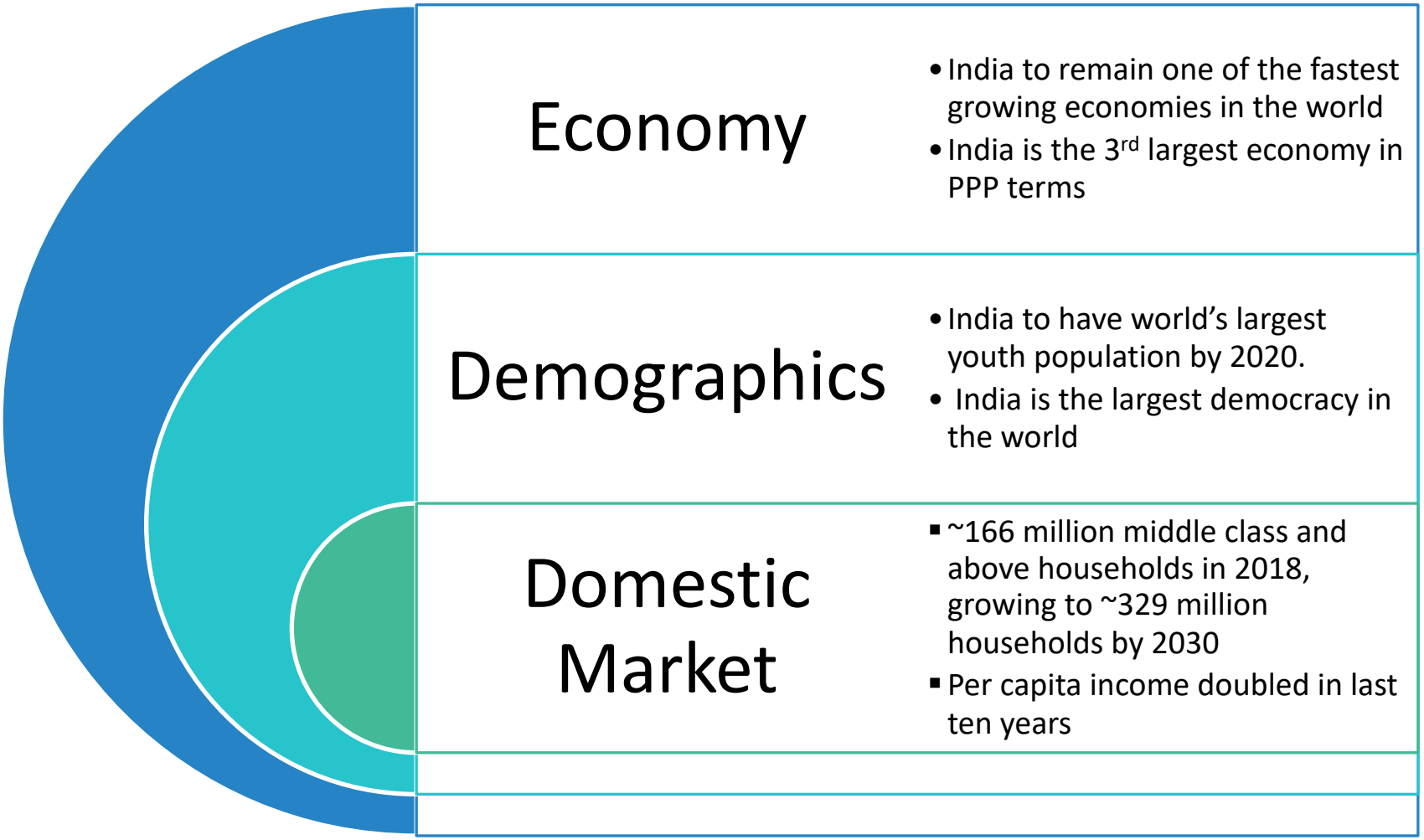
COMPETITIVENESS OF INDIA INC.
INDIA@75: FORGING AHEAD

Confederation of Indian Industry
RESEARCH

India as an Investment Destination

India: A Compelling Investment Destination



A Conducive Macro Policy Environment…

FDI

- 100% FDI allowed in nearly all manufacturing sectors, under the automatic route
- Exception: Defence. FDI, under automatic route, permitted upto 49%

GST

- Introduced to create a unified common national market by reducing the multiplicity of taxes
- Resulted in lower tax burden, set-offs across value chain permitted, single-point registration, etc.

Make in India

- Make in India campaign launched to facilitate growth of manufacturing in India

EODB

- Ranked at 77, an improvement of 23 ranks over last year
- Improvement by 53 ranks in last 2 years- highest ever by any large country since 2011
- 'Obtaining Construction Permits' and 'Trading across borders' exhibited biggest jump in rank over last year

Supported by an increasingly enabling Eco-system…

Infrastructure and Utilities	2nd largest road network in the world and increasing connectivity
	4th largest rail system in terms of route km and freight transport
	7th largest civil aviation market in the world; expected to be the 3rd largest by 2024
	12 major ports, 205 non-major ports
	3rd largest producer and 4th largest consumer of electricity in the world
Labor and Land	Labour: online licensing and compliance process, permitting self-certification in select areas, simplifying procedures. Rationalising 38 central labour laws into four codes. Fixed term employment
	Land acquisition becoming more streamlined, digitisation of land records
Skilling	Skill India Campaign aims at training over 400 million people, in various skills, by 2022
Clusters	Setting up of manufacturing clusters and industrial corridors (DMIC, etc.)
Insolvency & Bankruptcy Code (IBC)	It has improved the ease of exit by providing a one stop solution for resolving insolvency, which previously was a long process.
	It is aimed at protecting the interests of creditors / investors
	43% debt recovery as of 31 March, 2019, amounting to ₹75,000 crore since the inception of the IBC in 2016

Prominent Manufacturing Sectors

Automotive

Electronics

Emerging or resurging sectors

Chemicals

Capital Goods

Metals & Mining

Pharmaceutical

Food Processing

Textile & Apparel

Labor Intensive sectors

Although all sector present attractive investment and trade opportunities, we focus on a few resurging or emerging high-potential sectors

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Electronics

Sector Stats

17% projected CAGR of electronics market during 2014-2020

USD 8.4 bn worth of electronic exports from India in FY19

268 mobile and accessories factories in India in 2018 v/s 3 in 2014

Fastest growing smartphone market in Asia Pacific

Growth Potential

USD 9 bn- projected Indian IoT market size by 2020

USD 400 bn- targeted Indian Electronics market size by 2025

Indian Consumer Electronics and Appliances Industry expected to be **5th largest globally** by 2025.

Policy Push

National Policy on Electronics 2019 (NPE) provides incentives for manufacturing, mega-projects and skilling. Turnover of USD 400 bn targeted by 2025.

100% FDI is allowed under the automatic route.

For electronics items in **defence, FDI up to 49% is allowed under automatic route a**nd beyond 49% through the government approval.

Notable Investors

SAMSUNG

vivo

dyson

oppo

Haier

TEEMA

Source: Invest India, IBEF, Department of Commerce, CII compilation

Automotive

Sector Stats

India is the **4th largest** auto market in the World

USD 135 bn estimated market size in 2020

India accounts for **40% of global engg. and R&D** activities

19 million people employed

31 mn vehicles produced in FY19 of which **4.6 mn** exported

Growth Potential

USD 32 bn projected market size of automotive aftermarket segment by 2026

USD 200 bn projected market size of auto components industry by 2026

USD 300 bn projected automotive market size by 2026

Notable Investors

MG, Ford, Nissan, Toyota, Suzuki, Hyundai, Volkswagen, BMW

Policy Push

100% FDI is allowed under the automatic route.

Source: Invest India, IBEF, CII compilation

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Automotive: Electric Vehicles & Batteries

Electric Vehicles & Batteries is an upcoming sector within the established Automotive sector of India

Policy Push

National Electric Mobility Mission Plan 2013: Aims to put 6 million to 7 million electric vehicles on India's roads by 2020

Faster Adoption and Manufacturing of Electric Vehicles (FAME II): scope now broadened to encourage investments in the holistic electric mobility ecosystem. Incentives like reduced purchase price of hybrid and electric vehicles, setting up of charging infrastructure, manufacture of public transport vehicles. Proposed outlay of ~USD 1,430 mn (Rs 10,000 crores) over a three year period

Skill Development: Curriculum developed by Ministry of Skill Development and Entrepreneurship to create a specialised workforce with electric vehicle expertise in areas such as design and testing, battery manufacturing and management, sales, services and infrastructure

USD 300 bn
EV lithium-ion battery pack market

Major Players

Fortum Next generation energy company; SUNRA; EVM EV MOTORS INDIA PVT. LTD; DELTA; ABB; DLF

Source: CII compilation

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Pharmaceuticals

Sector Stats

USD 37 bn market size. **Third largest** in World by volume

55% exports to highly regulated markets in world. **2nd largest** USFDA approved plants after USA

Largest provider of Generics to the World - **20%** of Global supply

Largest vaccine producer. 60% lower costs than USA and 50% less than EU

Growth Potential

USD 55 bn projected size of Pharmaceuticals by 2020

USD 280 bn Health care market and **USD 200 bn** medical infrastructure by 2024

Policy Push

100% FDI is allowed under the automatic route for greenfield projects.

For investments in brownfield projects, up to 74% FDI is permitted under automatic route.

Source: Invest India, GES reports, CII compilation

Notable Investors

Johnson & Johnson

AstraZeneca

Pfizer

gsk GlaxoSmithKline

TEVA PHARMACEUTICAL INDUSTRIES LTD.

NIPRO Your Partner in Health Care

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Textile & Apparels

Sector Stats

10% projected CAGR of textile & garment industry during 2016-2021

#2 in global textile exports; **#4** in global clothing exports

India is **largest producer of cotton and jute** globally

2nd largest employment provider in India : 45 mn employed

Growth Potential

USD 223 bn projected market size of Indian textile & garments by 2021

USD 300 bn projected textile & garment exports by 2024

Rising income levels is expected to drive demand while **abundant raw materials and manpower** provides a comparative advantage

Policy Push

'Scheme for Capacity Building in Textile Sector (SCBTS)' /SAMARTH Scheme: a skill development scheme, with an outlay of ~USD 203 million from 2017-18 to 2019-20

Amended Technology Upgradation Fund Scheme (A-TUFS): promoting modernisation and up-gradation of the textile industry by providing credit at reduced rates

SAATHI (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries): technology upgradation scheme for reviving the power-loom sector

Notable Investors

RIETER

Zambaiti Parati

TRÜTZSCHLER

BILSAR

NISSHINBO

SÖKTAŞ

CMT

Source: Invest India, Department of Commerce, CII compilation

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Food Processing

Sector Stats

14.6% projected CAGR of processed food market during 2016-2020

USD 543 bn expected processed food market size in 2020

India **largest producer** of several agri-commodities

17 Mega Food Parks, of the 42 proposed, are **functional**

Growth Potential

USD 829 bn projected market size of Indian Food and Retail market by 2020

USD 140 bn projected Indian Dairy industry size by 2020

By 2030, Indian annual household consumption to treble, making **India 5th largest consumer globally**

Policy Push

Pradhan Mantri Kisan Sampada Yojana (PMKSY) will boost the sector through creation of modern infrastructure and efficient supply chain management from farm gate to retail outlet.

100% FDI permitted under the automatic route in Food processing industries.

100% FDI is allowed through government approval route for trading, including through e-commerce for food products manufactured or produced in India.

Major Players

DANONE ONE PLANET. ONE HEALTH

General Mills Making Food People Love

Unilever

Nestlé

Mondelēz International

PEPSI

KraftHeinz

Source: Invest India, CII compilation

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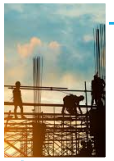
Prominent Services Sectors

IT & ITeS

Tourism

Health & Wellness


Infrastructure

Renewable Energy

Artificial Intelligence

Financial Services

Education

Telecom

India is a leading player across numerous service sectors. This presentation focuses on opportunities in the highlighted sectors.

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IT & ITeS

Sector Stats

USD 181 bn- estimated market size in FY19

Largest (45%) share in Indian services exports

Largest Private sector employer- 3.9 mn employed

India holds **largest (56%)** share in the global outsourcing market

Growth Potential

USD 250 bn expected size of Indian internet industry by 2020

USD 1 tn expected size of digital economy by 2022, potential to reach USD 4 tn

USD 350 bn projected IT & ITeS market size by 2025

Policy Push

- Digital India and Smart Cities has put India on the path of becoming a digital economy.
- Government's IT/ITeS Sector Skill Council (SSC) is facilitating the expansion of skill workforce.
- National program on AI and setting up of a National AI portal announced in Interim Budget FY20.
- Up to 100% FDI is allowed in Data processing, Software development and Computer consultancy services; Software supply services; Technical testing and Analysis services, under automatic route
- 100% FDI is permitted in B2B E-commerce.

Source: Invest India, GES reports, CII compilation

Notable Investors

accenture, Cognizant, hp, Capgemini, intel, IBM, Microsoft

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Infrastructure, including Construction

Sector Stats

USD 1 tn- infrastructural investments during 2012-2017

2nd Highest FDI receiving sector

Major employer- 44 mn employed

27 kms of highways built each day

Growth Potential

USD 2.6 tn projected infrastructure market size in FY21

USD 1 tn projected construction sector market size by 2025

Projected to be **3rd Largest** market of the world by 2025

Policy Push

- Housing for All by 2022, the government's flagship scheme Pradhan Mantri Awas Yojana-Gramin/Urban, aims to build 20 million urban homes and 30 million rural houses by 2022
- Railways to get capital support of Rs 64,587 crore (US$ 9.08 billion) in 2019-20.
- PMGSY, aimed at providing pan-India road connectivity, has been allotted Rs 19,000 crore (US$ 2.67 billion) in 2019-20
- 100% FDI allowed in Construction development
- 100% FDI allowed in Roads & Highways, Railways and Airport infrastructure, subject to certain conditions.

Source: Invest India, GES reports, CII compilation

Notable Investors

Hines

ALSTOM

TRUMP THE TRUMP ORGANIZATION

giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

VEOLIA

AQUALYNG

ascendas

Health & Wellness

Sector Stats

USD 110 bn market size in 2017

22.9% CAGR of the healthcare industry (2015-2020)

USD 61.8 bn estimated size of hospital industry (2017)

USD 6 bn estimated size of medical tourism industry in 2018

Growth Potential

USD 132 bn projected size of Hospital industry by 2023

USD 200 bn expected to be spent on medical infrastructure by 2024

USD 372 bn projected size of Healthcare industry by 2022

Policy Push

Ayushman Bharat-National Health Protection Scheme, will cover over 10 crore (one hundred million) poor and vulnerable families (approx. five hundred million beneficiaries) providing coverage up to 5 lakh rupees ($7,100) per family per year for secondary and tertiary care hospitalization.

100% FDI is allowed under the automatic route for greenfield projects.

For investments in brownfield projects, up to 100% FDI is permitted under the government route.

Source: Invest India, GES reports, CII compilation

Notable Investors

Columbia Asia Hospitals

Apollo Hospitals

Manipal Hospitals — Life's On

Medanta — The Medicity

MAX Healthcare

Dr Lal PathLabs — India's leading and most reputed diagnostic chain

Narayana Health — Health for all. All for health.

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Tourism & Hospitality

Sector Stats

USD 230 bn contribution to GDP in 2017

7th Largest tourism economy in the world

9th largest globally in cultural resources and business travel

14.62 mn jobs created during 2014-2018

Growth Potential

USD 50.9 bn projected earnings as visitor exports by 2028

5.3% direct contribution to employment by 2028

USD 424 bn projected contribution to GDP by 2027

Policy Push

100% FDI allowed under automatic route

100% FDI allowed in tourism construction projects, including the development of hotels, resorts, and recreational facilities

Notable Investors

ACCOR

Expedia

Four Seasons Hotels and Resorts

Thomas Cook

Cox & Kings

HYATT

airbnb

Source: Invest India, GES reports, CII compilation

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Renewable Energy

Sector Stats

- World's **5th Largest** Installed Renewable Energy Capacity (**77 GW**)
- **4th Largest** Installed Wind Capacity in the world
- World's **6th largest** Installed Solar Power Capacity
- **137%** increase in Installed renewable capacity (FY14-FY19)

Growth Potential

- **60 Solar Cities** approved
- **USD 1.3 bn** allocated for setting up 50 Solar Parks (40 GW) by 2020
- **175 GW** target of Renewable power generation by 2022

Policy Push

Up to 100% FDI is allowed under the automatic route for renewable energy generation and distribution projects subject to provisions of The Electricity Act, 2003.

Notable Investors

ADB Asian Development Bank, enel, MUDAJAYA GROUP BERHAD, Gamesa, ReNew POWER Transforming Energy, OSTRO

Source: Invest India, CII compilation

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Artificial Intelligence

Sector Stats

Indian companies **3rd highest** early adoption of AI[1]

>400 start-ups working in AI and Machine Learning

3rd in terms of high quality AI research and publications[2]

Large tech talent pool, in the process of upskilling to AI

Growth Potential

USD 70-80 billion software sector targeted by Government by 2025

Potential to add **USD 957 billion** to the economy by 2035[3]

Policy Push

NITI Aayog guides AI R&D through National Artificial Intelligence Portal

Model International Centre for Transformational AI set up by NITI Aayog, Intel and Tata Institute of Fundamental Research with focus on application-based AI research in healthcare, agriculture and smart mobility

Sources: 1. BCG study' 2018; 2. Itihaasa research, quoted in The Hindu, 18 January 2019; 3. Accenture Survey

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