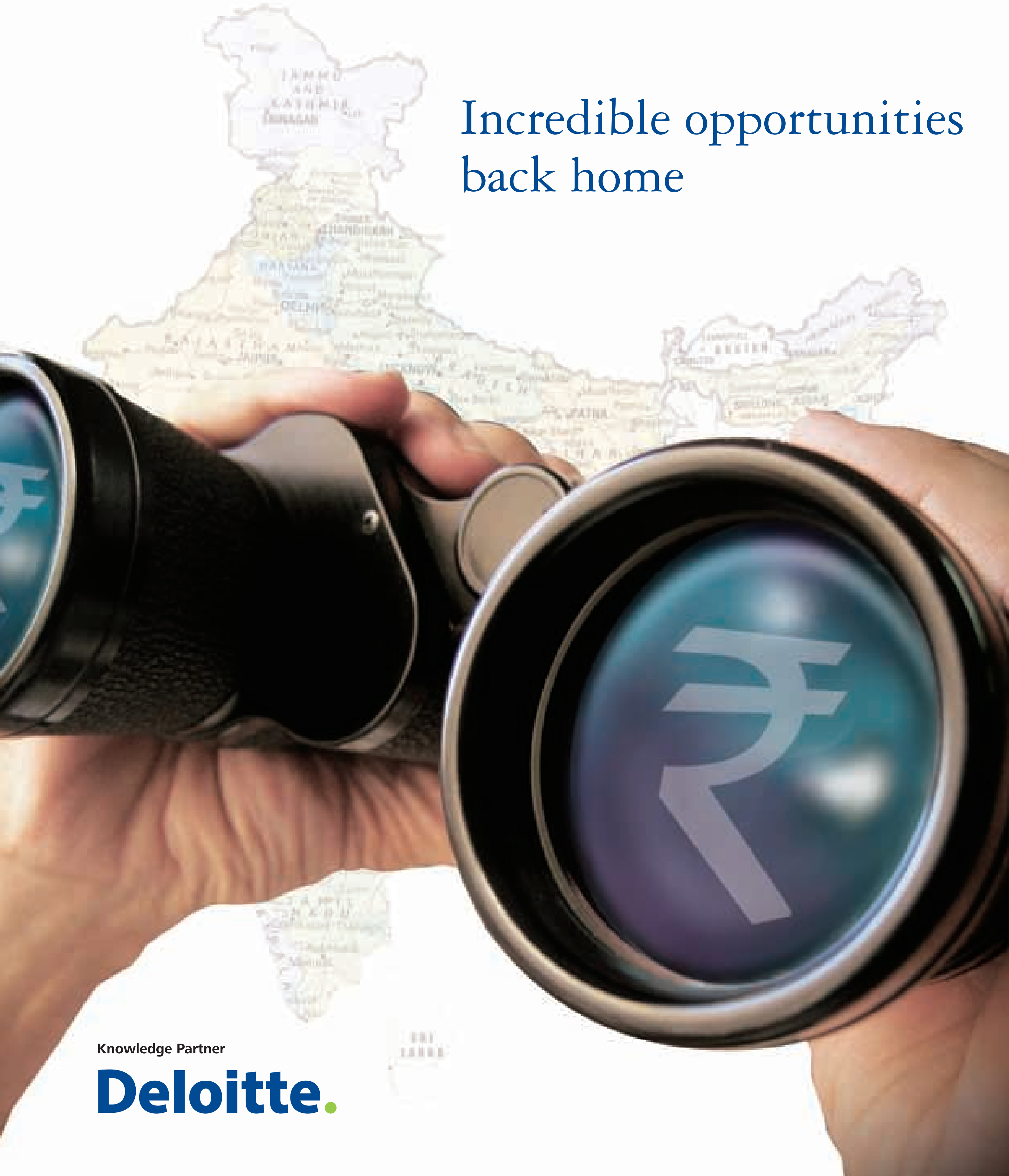
Overseas Indian Facilitation Centre

प्रवासी भारतीय कार्य मंत्रालय
Ministry of Overseas Indian Affairs

Confederation of Indian Industry

Incredible opportunities back home



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Message

Dear Friends,

Greetings to all of you!

I am happy to note that OIFC's handbooks published annually since 2008, proved to be a useful repository of valuable information for Indian expatriates.

This publication 'Incredible Opportunities back home' provides useful information to Overseas Indians, if they would like to enter into business ventures in India and serve diverse consumer segment.

India is one of the pioneers in recognising and giving mainstream attention to its estimated 25 million strong Overseas Indian community by creating an independent Ministry of Overseas Indian Affairs. My Ministry has set the vision to proactively engage with Overseas Indians to meaningfully serve India.

Let me assure you that in all your plans to engage with India on the economic and intellectual front, OIFC would act as a single point contact through its facilitation to effectively enable you to build upon or expand engagement with India.

Wish you all the best.

Vayalar Ravi
Minister of Overseas Indian Affairs

Preface

Greetings!

It gives us a great pleasure in bringing out this publication “Incredible Opportunities Back Home” on the occasion of the 12th Pravasi Bharatiya Divas -2014.

India has the second largest diaspora in the world. The common thread that binds them together is the idea of India and its intrinsic values. In every part of the world, the Overseas Indian Community is recognized and respected for its hard work, discipline, non-interference and successful integration with the local community. Besides enriching the economies of different countries of the world, they have made significant contributions to our own economy and have added in considerable measure to knowledge and innovation.

Overseas Indians share a strong bond with the country of their origin. This is reflected in their language, culture and traditions that have been maintained, often over centuries, and continue to be vibrant and unique.

Ministry of Overseas Indian Affairs engages with Indian diaspora through various platforms on continuous basis. Pravasi Bharatiya Divas, Overseas Indian Facilitation Centre, Know India Programme, Pravasi Bharatiya Samman Awards, Tracing the Root Scheme and Scholarships programme, provide effective medium of engagement. The upcoming Pravasi Bharatiya Kendra in Delhi symbolises symbiosis of the country and its diaspora.

I hope this publication would prove useful to those seeking information on emerging opportunities in India.

Prem Narain

Secretary, MOIA and Chairman, OIFC

Preface

Greetings!

We witnessed India's growth story based on the structural strengths of a young population, domestic consumption and investments, which attracted significant attention of foreign investors in the past. However, economic developments in the past year have shown that the Indian economy is still prone to effects of the unprecedented global financial crisis. Sudden changes in the growth rate, inflation rate, capital markets and exchange rate are testimony to the increasing integration of the Indian economy with the global economy. In India, the impact of global financial crisis is less severe compared to other countries.

With an expected GDP growth rate of 5.3% in 2013-14, India is still one the fastest growing major economies in the world. India is now poised to reap its demographic dividends. Its rapidly increasing consuming class provides huge market potential to foreign investors. As economic demand is gravitating toward the emerging world, India's growing economy with its strategic strengths has opened a gateway for investors to Asian markets.

During FY 2012-13, India received over USD 19.8 billion in Foreign Direct Investment (FDI) inflows. With the ongoing global financial crisis, cross-border investment flows are expected to shrink; however, India remains bullish, with a projection of USD 21.7 billion in FDI inflows during 2013-14. India continues to be increasingly attractive to global long-term and strategic investors.

The purpose of this publication is to apprise potential investors with investment opportunities in India. I hope that OIFC through this publication would succeed in creating positive perception about Indian economy; promote business opportunities in India for Indian expatriates and provide details of government agencies in India, which could facilitate NRI investments into India.

Chandrajit Banerjee

Director General, CII and Co-Chairman, OIFC


BANK OF INDIA
BY THE CENTRAL GOVERNMENT
INDIA

Executive Summary

We are delighted to present the 2014 OIFC publication on Incredible Opportunities Back Home.

As in the past years, this publication aims to be a definitive guidebook for expatriate Indians around the world– be it Non-Resident Indians (NRIs) or Persons of Indian Origin (PIOs). The canvass of the document is broad based and covers several different aspects that would interest the NRI/ PIO population.

The publication is divided into four key sections, each with a specific focus. To start with, the publication looks at the current prevailing global economic scenario and contextualises the foreign investment trends in India within the larger backdrop. The next part of this section provides an overview of the Government’s liberalisation policy which could potentially benefit the NRIs/ PIOs. It also provides a broad snapshot of the State level policies that could be of interest to NRI population, including a summary of the key economic indicators of specified States.

The second section will be of considerable interest to our readers as it provides insights based on a survey which was facilitated by OIFC. Around 2500 Overseas Indians across countries were selected by OIFC to participate in the survey to provide a truly global perspective into what the diaspora thinks about the India opportunity during the economic downturn. Besides, interviews were also conducted with key personalities in the diaspora to have a first-hand insight of their perspective of the opportunities in India. Insights galore!

Having understood the global perspective, the publication then provides detailed information about where the investment opportunities lie for the NRI/ PIO base – the information captured is at multiple levels. Not only does it discuss the key developing sectors, it also looks at Foreign Exchange Regulations, Government initiatives and available tax incentives. Importantly, the publication also provides specific inputs on the cost of doing business across states. This is particularly relevant and important to know as it enables informed decision making for businesses.

The fourth section focuses on a particularly important aspect – inward remittances, which contribute close to 4% of the Indian GDP. Not only does this section bring about the various modes of inward remittances, it also elaborates on timelines for such remittances and related cost implications thereon and available repatriation options.

We hope that you will benefit from this publication. We are happy to receive any feedback – do reach out to us at oifc@cii.in for any queries that you may have.

Global Economic Scenario

The current global economic scenario is sluggish. There are signs of some nations especially advanced economies showing better prospects in terms of growth and employment but recovery is not happening at the expected pace. Nations along with their Central banks continue to grapple with the failing financial situation making progress at a slow pace.

What started as a subprime meltdown in the US, created ripples across the financial markets in different countries. The US crises had some financial giants like Lehman brothers file for bankruptcy bringing an atmosphere of uncertainty and distrust amongst investors. Others prominent banks like Bear Stearns and Merrill Lynch were acquired by JP Morgan Chase and Bank of America respectively. Big players like Fannie Mae and Freddie Mac were put under the control of US Government.

Owing to the global financial interconnections and economic dependence between financial institutions in recent times, most developed nations were impacted by the downturn in the US markets. The contagion from the US, which represents a significant portion of the global economy, spread via multiple channels. The meltdown of the U.S. subprime-mortgage market also pushed up credit costs worldwide and forced European and Asian banks to write down billions of dollars in holdings.

Major Banks and MNC's now looked forth to bailout plans and emergency funding from their Government. Over the years, the financial markets had grown into autonomous markets functioning on the principles of demand and supply within the broad framework of law and very little Government intervention. However, the current crises asked for increased Government intervention. Various Governments came out with their own bail out packages to aid their economy.

The cascading impact of the crisis was soon observed on the developing countries in terms of reduction in tourism, investment and foreign aid. An important indicator of growth is always the Gross Domestic Product[1] (GDP) of a country. GDP per capita is often considered an indicator of the countries standard of living.

> "In the last thirty years, the economies of the world have undergone profound transformations. Some of the dimensions of this altered reality are clear: the role of Government has diminished while that of markets has increased; economic transactions between countries have substantially risen; domestic and international financial transactions have grown by leaps and bounds. In short, this changing landscape has been characterised by the rise of neoliberalism, globalisation and financialisation"

Gerald A Epstein
Professor, Department of Economics, University of Massachusetts

[1] GDP is the market value of all recognised final goods and services produced within a country in a given period of time.

The below table reflects the GDP growth percentage change over the past 5 years for some important countries:

Country name	GDP growth percentage				
	2008	2009	2010	2011	2012
Australia	3.8	1.6	2.1	2.4	3.4
Brazil	5.2	-0.3	7.5	2.7	0.9
Canada	0.7	-2.8	3.2	2.5	1.7
China	9.6	9.2	10.4	9.3	7.8
Denmark	-0.8	-5.7	1.6	1.1	-0.5
France	-0.1	-3.1	1.7	2	0
Germany	1.1	-5.1	4.2	3	0.7
Greece	-0.2	-3.1	-4.9	-7.1	-6.4
Hong Kong SAR, China	2.1	-2.5	6.8	4.9	1.5
Hungary	0.9	-6.8	1.3	1.6	-1.7
Iceland	1.2	-6.6	-4.1	2.9	1.6
India	3.9	8.5	10.5	6.3	3.2
Indonesia	6	4.6	6.2	6.5	6.2
Israel	4	0.8	5.7	4.6	3.4
Italy	-1.2	-5.5	1.7	0.4	-2.4
Japan	-1	-5.5	4.7	-0.6	1.9
Malaysia	4.8	-1.5	7.2	5.1	5.6
Mauritius	5.5	3	7.7	3.8	3.2
Mexico	1.2	-6	5.3	3.9	3.9
Russian Federation	5.2	-7.8	4.5	4.3	3.4
Singapore	1.7	-0.8	14.8	5.2	1.3
South Africa	3.6	-1.5	3.1	3.5	2.5
Spain	0.9	-3.7	-0.3	0.4	-1.4
Sweden	-0.6	-5	6.6	3.7	0.7
Switzerland	2.2	-1.9	3	1.9	1
Thailand	2.5	-2.3	7.8	0.1	6.5
Turkey	0.7	-4.8	9.2	8.8	2.2
United Arab Emirates	3.3	-1.6	-1.8	3.9	4.4
United Kingdom	-1	-4	1.8	1	0.3
United States	-0.4	-3.1	2.4	1.8	2.2

Data Source - World Bank

Note: Annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2005 U.S. dollars. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources

As is obvious, in the last 5 years the performance of the developed nations appears to slide with 2012 showing faint signs of recovery. The sluggishness can be attributed to appreciably weaker domestic demand and slower growth in several key emerging market economies, as well as a more protracted recession in the European region. The forecasts by analysts continue to indicate that the progress on the road to recovery is at a slow pace with nations floundering under pressure.

Globally, various developed nations have agreed on large emergency bailout packages to financial institutions to ensure that they remain afloat. The focus of the developed nations is to introduce banking reform measures and employ Government on restoring credit, growth and jobs i.e. a commitment to build a green and sustainable economy. The focus areas are summarised below -

- Restore confidence, growth, and jobs;
- Repair the financial system to restore lending;
- Strengthen financial regulation to rebuild trust;
- Fund and reform international financial institutions to overcome this crisis and prevent future ones;
- Promote global trade and investment and reject protectionism, to underpin prosperity;
- Build an inclusive, green, and sustainable recovery.

With these objectives, most countries are able to at least start on the road to recovery. This is obvious by the slight improvement in the numbers in 2012. With dedicated efforts and timely change in foreign policies, most countries would be in a safe zone in a couple years.

Albeit with slight growth in optimism, the road to recovery is still a long one with persistent economic issues in advanced economies as well as moderation of investments in emerging economies. According to the latest International Monetary Fund (IMF) projections for 2013 & 2014, emerging economies are expected to grow by 4.5% & 5.1%, while advanced economies are expected to grow at 1.2% & 2.0% respectively. Going forward, fiscal consolidation would weigh heavily on advanced economies while emerging markets are expected to face weak export market.

India Story

The Indian banks fortunately had little impact of the subprime crises as they had little to do with investments in structured financial instruments carved out of such mortgages. Further, the exchange control norms permit limited flexibility to the Indian banks and certainly discourage ambitious and imprudent investments. However, despite this, India could not insulate itself completely from the adverse developments in the international financial markets. The demand for Indian goods from overseas consumers and flow of investment in India has seen a decline in last couple of years. Troubles in developed nations have made investors and consumers risk averse.

Despite this negative impact, India still sustains a growth story which most developed nations would envy. This is on account of timely Government intervention in terms of policy decisions and initiatives. To counter the negative fallout of the global slowdown on the Indian economy, the Government has provided focused fiscal stimulus packages in the form of tax reliefs to boost demand and increased expenditure on public projects to create employment and public assets. The Reserve Bank of India (RBI) has taken a number of monetary easing and liquidity enhancing measures to facilitate flow of funds from the financial system to meet the needs of productive sectors.

The Government has to battle the challenges of the rising inflation, burden of interest payment on Government debt and high fiscal deficit. The slide of rupee vis-à-vis the US dollar has added to the woes of Indian importers. However, with the introduction of firm policies and the change in the RBI policy decisions, India is likely to have this under control.

The RBI has recently set out a bold vision highlighting the importance of inflation targeting and ensuring monetary stability. As per the RBI Governor, such stability can only be achieved by sustaining confidence in the value of the country’s money and this would be the primary focus of the RBI. The policy changes envisaged would include measures to deepen securities markets, improve financial inclusion including for Small and Medium Enterprises (SMEs), support and push for the rupee as an international currency. RBI has recently undertaken a number of activities in stabilising the currency and bolstering the reserves through concessional measures. Earlier this year, the RBI had tightened liquidity to control rupee volatility. This was done with the intention of drying out liquidity and restraining speculation on the dollar. Gold imports have been tackled proactively and swap facilities have helped boost currency reserves.

The changes in the exchange control norms for remittance of funds for investments abroad have helped stop the Rupee from sliding further.

Foreign Investment trends in India

Introduction

There has been a sea change in India's approach to foreign investment from early 1990s when structural economic reforms in India commenced. From a protected and controlled economy to a relatively liberal economy, the journey has been gradual and smooth. While one could say, that the change was prompted by the Balance of Payment (BOP) crises in the 90's, India had already geared for this change even prior to this crises however the BOP crisis expedited this process.

Pre-Liberalisation Period

Historically, India has followed a protective economy and hence the Foreign Direct Investment (FDI) policy had been extremely cautious and selective in view of the dominance of 'import-substitution strategy' of industrialisation. With the objective of becoming 'self-reliant', FDI through foreign collaboration was welcomed in the areas of high technology and high priorities to build national capability and discouraged in low technology areas to protect and nurture domestic industries.

This protectionist policy resulted in foreign collaboration taking place only in public sector undertakings or Government blessed initiatives. Foreign investment into the private sector or joint ventures was rare as Government approvals for these were difficult to obtain. In effect companies in crucial sectors including foreign oil majors and banks were nationalised. Technical collaboration was permitted only in sectors where the Government deemed it necessary to curtail outflow of foreign exchange. This led to stagnation and technological obsolescence in India.

Since 1980, the Indian Government recognising the severe drawbacks of a protectionist policy relaxed restrictions on technology transfers, power generation, highway and port construction, telecommunications, oil and natural gas exploration etc.

The Government tried partial liberalisation in the trade and investment policy and marketing of exports through Trans-national Corporations (TNCs). There was also de-licensing of some of the industrial rules and promotion of Indian manufacturing exports as well as emphasising on modernisation of industries through liberalised imports of capital goods and technology. This was supported by trade liberalisation measures in the form of tariff reduction and shifting of large number of items from import licensing to Open General Licensing (OGL).

Post-Liberalisation Period

A major shift in India's policy occurred when India embraced economic liberalisation and reforms program in 1991 aiming to raise its growth potential and integrating with the world economy. Industrial policy reforms gradually removed restrictions on investment projects and business expansion on the one hand and allowed increased access to foreign technology and funding on the other. Measures to remove roadblocks were introduced like automatic route for technology agreements in high priority industries and removal of restriction of FDI in low technology areas as well as liberalisation of technology imports etc. In a bid to attract Indians abroad, the Government extended permission to NRIs and Overseas Corporate Bodies (OCBs) to invest up to 100 % in high priorities sectors. The Government also replaced the Foreign Exchange Regulation Act (FERA), 1973 with Foreign Exchange Management Act (FEMA), 1999 where the provisions were more liberal.

Investment proposals falling under the automatic route and matters related to FEMA are dealt with by RBI, while the Government handles investment through approval route and issues that relate to FDI policy per se through its three institutions, viz., the Foreign Investment Promotion Board (FIPB), the Secretariat for Industrial Assistance (SIA) and the Foreign Investment Implementation Authority (FIIA).This has helped speed up the approval process.

Post the initial sweeping changes in India's foreign policy, the Government continues to be attentive to the industry demands and ensures that regulations are liberalised/ amended from time to time on a requirement basis to make sure that the India growth story continues. Permitting free repatriation of funds subject to payment of requisite taxes, permitting individuals to invest abroad upto certain limit under Liberalised Remittance Scheme (LRS) are some examples of Government's liberalisation initiatives.

The Government also seeks investments from financial institutions to further boost the economy. The liberalisation of the economic policy and removal of restrictions on remittances have attracted Foreign Institutional Investment (FII) to India.

Qualified Foreign Entities (other than those predominantly owned by NRIs) seeking to undertake portfolio investments in India are regarded as FIIs. Eligible institutional investors that can register as FIIs cover asset management companies, pension funds, mutual funds, banks, investment trusts, incorporated/ institutional portfolio managers, etc.

The below data provides the trend of foreign investment flows into India:

	FDI to India		Portfolio Investments		Total	
	USD (Millions)	in ₹	USD (Millions)	in ₹	USD (Millions)	in ₹
1990-91	97	174	6	11	103	185
1991-92	129	316	4	10	133	326
1992-93	315	965	244	748	559	1,713
1993-94	586	1,838	3,567	11,188	4,153	13,026
1994-95	1,314	4,126	3,824	12,007	5,138	16,133
1995-96	2,144	7,172	2,748	9,192	4,892	16,364
1996-97	2,821	10,015	3,312	11,758	6,133	21,773
1997-98	3,557	13,220	1,828	6,696	5,385	19,916
1998-99	2,462	10,358	(61)	(257)	2,401	10,101
1999-00	2,155	9,338	3,026	13,112	5,181	22,450
2000-01	4,029	18,404	2,760	11,820	6,789	30,224
2001-02	6,130	29,245	2,021	9,290	8,151	38,535
2002-03	5,035	24,397	979	4,504	6,014	28,901
2003-04	4,322	19,830	11,377	51,898	15,699	71,728
2004-05	5,986	26,947	9,291	41,312	15,277	68,259
2005-06	9,636	39,457	12,492	55,357	22,128	94,814
2006-07	22,739	102,652	6,947	31,881	29,686	134,533
2007-08	34,727	139,421	27,434	110,619	62,161	250,040
2008-09	41,707	190,700	(14,032)	(65,100)	27,675	125,600
2009-10	33,108	157,800	32,396	154,000	65,504	311,800
2010-11	27,829	132,400	30,292	139,400	58,121	271,800
2011-12	32,955	154,816	17,171	85,126	50,126	239,942
2012-13	26,953	146,582	26,891	146,559	53,844	293,141

Data Source: RBI

With the current policy, FDI up to 100 per cent is allowed under the automatic route in most sectors/ activities, except a few critical sectors like defence, petroleum and natural gas, credit rating companies etc. where sectoral equity/ entry route restrictions have been retained. This has given the required impetus to foreign investment in India.

The percentages of investments made by top ten countries in India during the period starting from April 2000 to August 2013 are:

Sr. No.	Country	%
1	Mauritius	38%
2	Singapore	11%
3	U.K.	9%
4	Japan	7%
5	U.S.A.	6%
6	Netherlands	5%
7	Cyprus	4%
8	Germany	3%
9	France	2%
10	U.A.E.	1%

Data Source: RBI/ DIPP

One can observe that Mauritius and Singapore have been the biggest investment contributors to the Indian economy over the years followed closely by the UK. The Mauritius contribution is primarily attributed to favourable tax treaty provisions between India and Mauritius. Thus most US and European investors prefer to enter the Indian markets through the Mauritius route rather than a direct entry.

India’s liberalisation policy and its long term impact

“India is a land of opportunity that places premium on enterprise and creativity. I invite you, the Overseas Indians, to make use of the investment and business opportunities that India now offers. This is the time for all of us to become Strategic partners in India’s progress”

Dr. Manmohan Singh
Hon’ble Prime Minister of India

Introduction

With an intention to bring in incredible opportunities and to encourage the inflow of resources into India, the then Government in 1991 approved a systemic shift to a more open economy giving a larger role for the private sector and foreign investment.

While the most important reason for liberalisation could be zeroed to the correction of the BOP situation, some of the other key objectives for introduction of liberalisation policy are given below:

- To overcome the delay in the public works undertaken;
- To clear red tapism;
- To invite fresh and increased investments from private sector;
- To identify new initiatives and focus on growth;
- To awaken and encourage the thought of profit motive;
- To bring in accountability and responsibility for all the works undertaken.

These policies have succeeded in unlocking India's enormous growth potential and powerful entrepreneurial forces. The move from socialist reforms to a new competitive friendly policy has earned rewards. Since 1991, successive Governments, across political parties, have successfully carried forward the country's economic reform agenda.

Capital inflows and growth trends

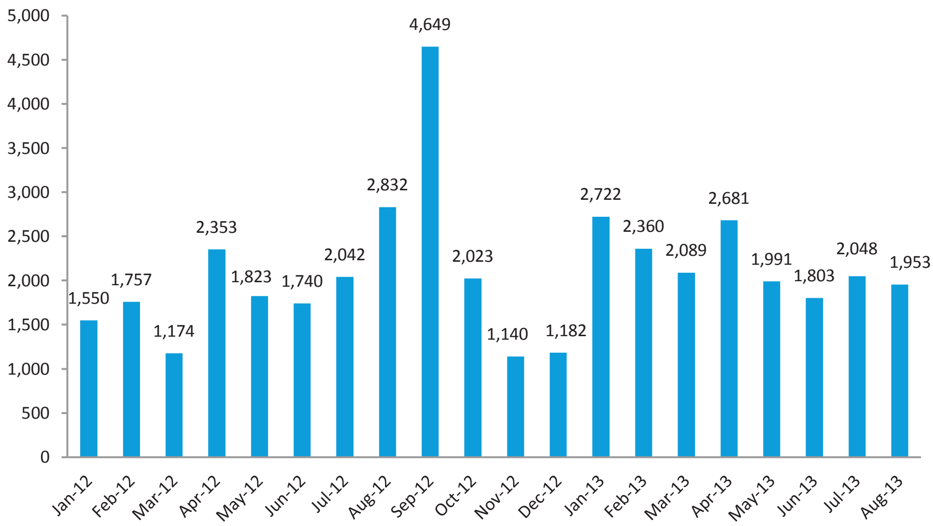
India's foreign investment policy has been formulated with a view to encouraging FDI into India. The process of regulation and approval has been substantially liberalised. FDI under automatic route is permitted in most activities/ sectors, except in a certain restricted sectors where prior approval of the Government is required.

Government of India (GoI) welcomes FDI in all permitted sectors, especially for development of infrastructure, technological upgradation of Indian industry through 'greenfield' investments and in projects having the potential of creating employment opportunities on a large scale. Investment for setting up Special Economic Zones (SEZs) and establishing manufacturing units are also welcomed.

The chart below reflects the capital flow of FDI, as reported by the RBI during 2012-2013.

FDI

USD (in million)



Data Source: RBI

One can observe that the flow of FDI has not been consistently rising since the last year. The dip in FDI in recent times could be attributed to the global economic crisis and low risk appetite of the investors. Though the FDI in India decreased to 1616 USD Million in August of 2013 from 1696 USD Million in July of 2013, the future expectations are buoyant.

During the recent global crisis, when there was a significant deceleration in global FDI flows during 2009-10, the decline in FDI flows to India was relatively moderate reflecting robust equity flows on the back of strong rebound in domestic growth.

The table below reflects the sector-wise equity FDI inflows in India:

Sectors	2009-10	2010-11	2011-12	2012-13	2013-14 (till Aug 2013)
			In USD (million)		
Services Sector	4,176	3,296	5,216	4,833	945
Construction Development	2,852	1,103	3,141	1,332	167
Telecommunications	2,539	1,665	1,997	304	10
Computer Software and Hardware	872	780	796	486	171
Drugs and Pharmaceuticals	213	209	3,232	1,123	1,000
Chemicals (Other than Fertilizers)	366	398	4,041	292	112
Automobile Industry	1,236	1,299	923	1,537	515
Power	1,272	1,272	1,652	536	120
Metallurgical Industries	420	1,098	1,786	1,466	114
Hotel & Tourism/ Construction activity	2,935	1,227	993	3,259	101
Total	16,881	12,347	23,777	15,168	3,255

			Sectoral shares (per cent)		
Services Sector	25%	27%	21.9%	31.9%	29.0%
Construction Development	17%	9%	13.2%	8.8%	5.1%
Telecommunications	15%	13%	8.4%	2.0%	0.3%
Computer Software & Hardware	5%	6%	3.3%	3.2%	5.3%
Drugs & Pharmaceuticals	1%	2%	13.6%	7.4%	30.7%
Chemicals (Other than Fertilizers)	2%	3%	17.0%	1.9%	3.4%
Automobile Industry	7%	11%	3.9%	10.1%	15.8%
Power	8%	10%	6.9%	3.5%	3.7%
Metallurgical Industries	2%	9%	7.5%	9.7%	3.5%
Hotel & Tourism/ Construction activity	17%	10%	4.2%	21.5%	3.1%

Data Source: RBI

From a sectoral perspective, FDI in India mainly flowed into services sector (with an average share of 27 per cent in the past five years). The investments are mainly routed through Mauritius (with an average share of 38 per cent in the past five years) followed by Singapore (around 11 per cent). In recent times one can observe a steep rise in the 'pharma industry' which is almost equivalent to the services sector. While the world economy has taken a severe beating in the past couple of years, sectors like services, pharma and automobile have seen a promising growth in India.

Benefits from Liberalisation

Liberalisation in the Government policy brings about a sea change in the perception that the world has about a country on the economic front. It sends a strong message to the world inviting foreign players in the local market with limited control of the Government. This is a reflection that the local industry players have matured enough to be pitted against global competitors and should be governed by the market forces rather than protectionist policy measures. It assures an atmosphere of openness and fair treatment.

The change in the Indian Government's policies post 1991 though gradual has been quite steady with the Government inviting more and more foreign participation in all but a few restricted sectors. The percentage of foreign investment has also been increased from its initial low levels to 49% and 100% in many sectors. This has brought about some direct and numerous indirect changes.

Some prominent changes are highlighted below:

- **Unrestricted flow of capital**

  The primary goal of economic liberalisation is free flow of capital between nations, efficient allocation of resources and competitive advantages. This calls for removal of protectionist reforms like tariffs, trade laws and trade barriers. The gradual relaxation in India's restrictive policies has put India on par with other attractive destinations for foreign investors.

  Liberal policies make it cheaper for companies to access capital from investors consequently leading to higher profits.

- **Improvement in infrastructure and public amenities**

  While attracting foreign investment, the Indian Government has been vigilant to ensure that the benefits of modernisation and industrialisation reach the rural areas of India. Hence, the Government has been pushing companies to move to backward areas through SEZs, STPIs and by offering tax concessions in certain States. This not only helps reduce the congestion of investments in the cities but improves infrastructure, public amenities and standard of living in backward regions.

- **Growth in allied industry**

  With a spur of competition, all the fundamental inputs such as telecommunications, banking, insurance and transport, which are necessity for any sector, have outperformed by providing quality output and upgradations. This has led to the overall economic efficiency and growth. These Allied Sectors not only support the primary and secondary sectors like agriculture, manufacturing and production, but also increase the standard of living of the population. Healthy competition has resulted in scaling higher levels of service excellence, while reducing costs.

  In India, one can observe that the biggest beneficiary of liberalisation has been the services sector not only in terms of output but also in terms of foreign investment.

- **Improved stock market performance**

  Liberalisation increases the buoyancy of the stock markets on account of an increased optimism of the fund managers and investors who are always on the lookout for new opportunities for profit.

  This is true for India too where the stock market has been reflecting bullish market sentiments barring a few dampening lows. The influx of foreign capital has also increased the quantum of Initial Public Offering (IPO) in India with a lot of small and medium enterprises suddenly pitching to higher levels. Indian entrepreneurs now free from fetters of approvals and permissions are enthusiastic in venturing into new businesses. Venture capitalist (especially from NRI's) has been extremely supportive of these start-up ventures.

- **Greater transparency and predictability**

  India is a member of the World Trade Organisation (WTO) and has agreed that foreign firms will be allowed to supply their services under internationally accepted conditions. Being consistent and aligned with the global standards of working has made India a popular labour destination with expatriates moving in from various locations.

  This is extremely crucial for large global multinationals who would like to have consistency in their policies for employees. Also it reassures the employees of fair treatment.

- **Technological advancement**

  India has seen increased inflow of international resources and expertise which has brought with it a novel set of skills and technologies resulting in a major thrust to development. This has clearly provided a competitive edge to Indian infrastructure as development of leading technologies is concerned. Illustratively, the automobile industry in India post liberalisation has moved to such higher scales that currently it exports cars to other nations.

- **Boosting Indian entrepreneur's confidence**

  With the foreign companies accessing Indian markets, initially the Indian entrepreneurs had felt the heat. However with the passage of time, Indian entrepreneurs are now confident of demonstrating their strengths in the foreign markets. The acquisition of Jaguar, Corus, Lodestone and a numerable other companies are examples of this growing confidence.

While it is advantageous to India to bring in investment from abroad, there are several benefits that investors stand to gain in choosing India as their preferred destination. While right from ancient times India has attracted foreign traders for cotton, spices, fine artistry, precious stones etc., in recent times the advantages that India brings to potential investors as compared to its counterparts are:

- India is one of the world's largest democracies. There is a stable political environment and responsive administrative set up;
- A well-established judiciary free from Government encumbrances is in place to enforce the rule of law;
- Abundance of natural resources and diverse climatic conditions provide necessary impetus to several types of industry;
- The cost competitiveness on account of low labour costs;
- Large pool of skilled manpower having strong knowledge base, with significant English speaking population;
- India’s population consists of a young educated workforce;
- Huge untapped market potential, especially in rural areas;
- Progressive simplification and rationalisation of direct and indirect tax structures with reduction in import tariffs;
- Member of WTO and hence globally aligned labour regulations;
- Robust banking and financial institutions;
- The "2012 A.T. Kearney Foreign Direct Investment Confidence Index" has ranked India second most attractive destination for FDI, an improvement from its third rank in the year 2010.

Source: http://indiainbusiness.nic.in

Government plans for the furtherance of investment

The Government is making various attempts to encourage foreign investment in India by providing various incentives and by reviewing the FDI policies at the various stages. FDI could be made in India under the Automatic Route for permitted sectors. For few sectors, Government approval needs to be obtained. The FDI caps and routes are revisited from time to time to encourage foreign investments in India and the requirement of Government approval is relaxed in the various sectors to induce and initiate new projects in the country.

Review of FDI caps and routes in various sectors

In order to attract foreign investment in India the Government has recently reviewed the Foreign Investment Policy and has approved the revision in the FDI limits in 12 sectors including the crucial once such as defence and telecom.

Below is the synopsis of the revised policy in comparison with the existing policy:

Sl No	Sector/Activity	Before the proposal		Changes approved	
		% of FDI /Equity	Entry Route	% of FDI /Equity	Entry Route
1	**Tea Sector(including Tea Plantation)**	100%	Government Route	100%	Government Route. However has deleted the clause of compulsory divestment of 26% equity of the company in favour of an Indian Partner/Indian public within a period of 5 years
2	**Petroleum and Natural Gas**	49%	Government Route	49%	Automatic Route
3	**Defence**	26%	Government Route	26%	Upto 26% Government route. Above 26% Cabinet Committee on Security (CCS) on case to case basis
4	**Courier Services**	100%	Government Route	100%	Automatic Route
5	**Telecom Services**	74%	Automatic upto 49% Government route beyond 49% and upto 74%	100%	Automatic upto 49% Government route beyond 49% and upto 100%
6	**Test Marketing**	100%	Government Route	This clause stands deleted	

7	**Single brand product retail trading**	100%	Government Route	100%	Upto 49% Automatic route beyond 49% Government
8	**Asset Reconstruction companies (ARC)**	74% of paid-up capital of ARC (FDI+FII)	Government Route for FDI	Upto 100% of paid-up capital of ARC (FDI+FII)	Upto 49% Automatic route beyond 49% Government
9	**Commodity Exchanges**	49% (FDI & FII) + [Investment by Registered FII under Portfolio Investment Scheme (PIS) will be limited to 23% and Investment under FDI Scheme limited to 26%]	Government Route (For FDI)	49% (FDI & FII) + [Investment by Registered FII under Portfolio Investment Scheme (PIS) will be limited to 23% and Investment under FDI Scheme limited to 26%]	Automatic Route
10	**Credit Information Companies**	49% (FDI + FII)	Government Route for FDI	74% (FDI + FII)	Automatic Route
11	**Infrastructure companies in the Securities Market**	49% (FDI &FII) FDI limit of 26 per cent and an FII limit of 23 per cent of the paid-up capital	Government Route for FDI	49% (FDI &FII) FDI limit of 26 per cent and an FII limit of 23 per cent of the paid-up capital	Automatic Route
12	**Power Exchanges**	49% (26% FDI + 23% FII)	Government Route for FDI	49% (26% FDI + 23% FII)	Automatic Route

Data Source: Press Note No. 6 (2013 Series) released by Ministry of Commerce & Industry

FDI in Multi-Branded Retail Trading (MBRT)

One of the most debated reforms is the policy for allowing 51 per cent FDI in multi-brand retail. The steady growth in the India retail sector and the growing interest from overseas investors could be said to have tipped the balance in favour of the policy. The changes in some of the policy conditions indicate Government intention to provide a window to foreign retailers to cultivate/grow the SME segment. FDI is subject to meeting the necessary conditions of the size of the population, investment limits etc. which the investors would need to take care of.

Reduction of limit from USD 200,000 to USD 75,000 under Liberalised Remittance Scheme (LRS) for resident Individuals

To tackle the current fiscal deficit concern that India is facing, the current remittance limit under the LRS is reduced from USD 200,000 to USD 75,000. LRS can no longer be used for:

- Acquisition of immovable property, directly or indirectly, outside India;
- Making remittance for any prohibited or illegal activities such as margin trading, lottery etc.

Permission to set up Joint Ventures (JVs)/ Wholly Owned Subsidiaries (WOS) outside India

Resident individuals have now been allowed to set up Joint Ventures (JV)/ Wholly Owned Subsidiaries (WOS) outside India for bona fide business activities outside India within the limit of USD 75,000 with effect from 5 August 2013 and subject to the terms and conditions such as prohibition in making the direct investment in a JV or WOS abroad which is engaged in the real estate business or banking business or in the business of financial services and the JV/ WOS set up shall be an operating entity only and no step down subsidiary would be allowed etc.

State-wise analysis- GDP and prominent sectors

India is probably the only country with diverse cultural heritage. It is divided into twenty eight States and seven Union Territories, with each State and Union Territory having unique demography, history, language and culture.

States and Union Territories of India are gifted with distinct inherent strengths, be it abundant supply of mineral resources, large forest reserves or availability of fertile land, suitable for growing variety of agricultural and horticultural crops.

India is well placed on the global map in terms of GDP[2] growth. The country's GDP has been growing at an average rate of 8.5% for the last five years, much higher than the world's average GDP growth rate, which has been hovering around 4.3%.

India provides rich business opportunities and wide markets to NRIs and PIOs. It is one of the preferred investment destinations in the world and according to UNCTAD's World Investment Prospects Survey; India is the second most profitable destination.

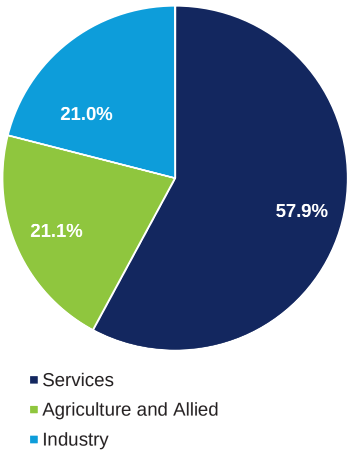
A brief synopsis of some OIFC partner States of India which contribute to India's GDP is summarised hereafter.

[2] GDP is the market value of all officially recognised final goods and services produced within a country in a given period of time. GDP is one of the primary indicators used to gauge the health of a country's economy

Assam[3]

- Assam is the largest North Eastern State and is considered to be the Jewel of the North East. It has close proximity to Bangladesh, China, Myanmar, Bhutan and Nepal;
- The State is rich in natural and precious mineral resources and is the largest producer of tea in India. It accounts for a large share of India's production of rice, rapeseed, mustard seed, jute, potato, sweet potato, banana, papaya, areca nut and turmeric. In addition to agriculture, fisheries and sericulture are also important economic sectors of the State;
- Assam contributes more than 50% of India’s tea production and tea manufacture is one of the major industries of the State;
- The economy of Assam is presently sustained by the Services Sector. The key services include communication, banking and insurance, real estate and public administration;
- Industrial sector has gained importance in Assam over the years. The State has set up Assam Industrial Development Corporation (AIDC) and Assam Industrial Infrastructure Development Corporation (AIIDC) to facilitate industrial development;
- Small sector industries have made vital contribution in the process of industrialisation, generation of employment and in fulfilment of other socio-economic objectives in the State.

Assam - Composition of GSDP (2012-13) (%) (AE)



Source: Assam Economic Survey 2012-2013

Economic Indicators	GSDP (₹ million)	
Year	**At constant (2004-05) prices**	**At current prices**
2012-2013 (AE)[4]	856,903.2	1,435,668.2
2011-2012 (QE)	801,719.1	1,265,436.5
Growth (y-o-y)	6.88%	13.45%

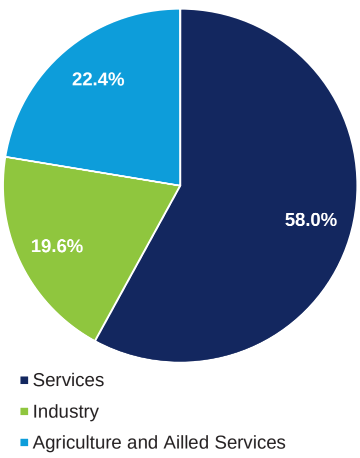
[3] Source: - Assam Economic Survey 2012-2013

[4] AE: Advance Estimate, QE: Quick Estimate, P: Provisional

Bihar[5]

- Bihar enjoys a unique locational advantage considering its proximity to Eastern and Northern India, as well as easy access to ports on the Eastern part of the country;
- The key sectors include agriculture in terms of production of vegetables and fruits (Bihar is the largest producer of vegetables and second largest in terms of fruits production), manufacturing, construction, trade, hotels and restaurants;
- There are number of industries in Bihar ranging from agro-based (food processing, sugar, dairy and tea) to non-agro based (textiles, silk, handloom, leather and Khadi and Village Industries) and non-metallic minerals;
- The telecom sector is also an eminent sector of Bihar. It took great strides during the last few years and has provided a boost to the information technology in the State;
- Bihar is gearing up to create investor friendly climate so as to attract private sector participation and boost business by creating investment opportunities.

Bihar - Composition of GSDP (2011-12) (%) (QE)



Economic Indicators	GSDP (₹ million)	
Year	**At constant (2004-05) prices**	**At current prices**
2011-2012 (QE)	1,518,660	2,526,940
2010-2011 (P)	1,301,250	2,018,560
Growth (y-o-y)	16.71%	25.19%

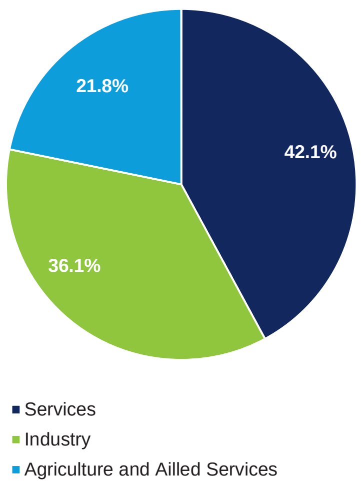
Source: Bihar Economic Survey 2012-2013. Data for FY 2012-2013 is not available in the survey

5 Source: Bihar Economic Survey 2012-2013

Gujarat[6]

- Gujarat contributes more than 7% to India's GDP. At a CAGR of 16.5%, the State's growth has been the second highest in India between 2005-2006 and 2011-2012;
- Gujarat is the largest producer of processed diamonds and denim in the world and is also the largest producer of milk in India;
- Gujarat has one major port (Kandla) and 41 minor/ intermediate ports;
- The State boasts of contributing to a significant proportion of the production of soda ash, salt, petrochemicals, plastics, pharmaceuticals, crude oil and chemicals;
- During 2011-2012, Gujarat recorded the second highest number of FDI proposals (131 FDI proposals) worth over USD 3.7 billion;
- TATA Motors Ltd has already set up a large production facility in Gujarat and Maruti Suzuki India Ltd is in active dialogue to set up a production facility.

Gujarat - Composition of GSDP (2011-12) (%)



Economic Indicators	GSDP (₹ million)	
Year	**At constant (2004-05) prices**	**At current prices**
2011-2012 (QE)	3,988,840	6,117,670
2010-2011 (P)	3,675,400	5,304,300
Growth (y-o-y)	8.53%	15.33%

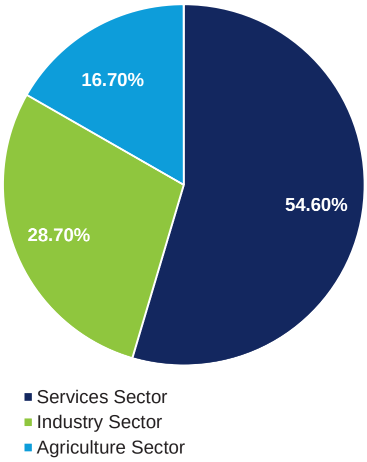
Source: Gujarat Socio-Economic Review 2012-2013

[6] Source:- Gujarat Economic Survey 2012-2013, IBEF

Haryana[7]

- Haryana is well located in the NCR region and has a good infrastructure including power, roads and railways;
- Haryana boasts of being the second largest contributor to the food grain production in India. It also has a major share in the total export of Basmati Rice of the country;
- Micro, Small and Medium enterprises have also been set up in the State, which are primarily carrying out manufacturing activities (textiles and garment);
- Real estate market has experienced a boom in the State, and a number of companies have invested in the State in this sector;
- Despite being known for its food grain production in the country, the Services Sector is the highest contributor to the State's GSDP. Trade, hotels & restaurants comprise the largest group having the highest contribution to the State's GSDP. Finance, insurance & real estate is the second largest group followed by transport, storage & communication and community, social & personal services;
- Haryana has also set up an industrial base for companies in IT and biotechnology sector. The State encourages private initiatives for creation and development for 'ready to move' space for this industry. The Haryana State Industrial and Infrastructure Development Corporation (HSIIDC) has developed infrastructure for Technology Park/ Electronics Hardware Technology Parks to promote IT Sector in the State.

Harayana - Composition of GSDP (2011-12) (%)



Economic Indicators	GSDP (₹ million)	
Year	**At constant (2004-05) prices**	**At current prices**
2012-2013 (AE)	1,918,207.6	3,534,404.4
2011-2012 (QE)	1,790,970	3,076,056.1
Growth (y-o-y)	7.10%	14.90%

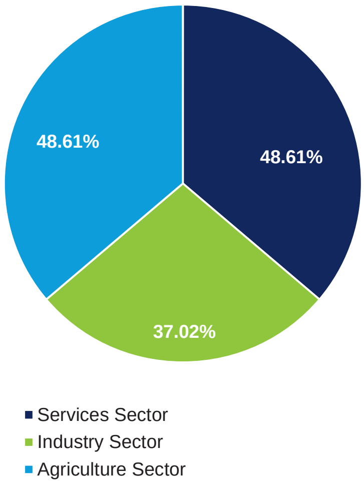
Source: Haryana Economic Survey 2012-2013; composition of GSDP for 2012-13 is not available in the survey

[7]Source: Haryana Economic Survey 2012-2013, IBEF

Jharkhand[8]

- Jharkhand is situated in East India. It shares its border with Bihar, Uttar Pradesh and Chhattisgarh, Odisha and West Bengal;
- The State enjoys a unique location-specific advantage as it is close to the vast market of Eastern India; it is closer to the ports of Kolkata, Haldia and Paradip and has easy access to raw materials;
- Jharkhand is the only State in India to produce coking coal, uranium and pyrite;
- Over the years, the State's economy is becoming less agricultural, more industrial and more service-oriented. The Services Sectors such as real estate, public administration and banking & insurance, dominate the State's economy and has become increasingly important in recent years;
- Jharkhand boasts of proactive administrative system, richness of minerals, skilled manpower, reputed technical and educational institutes and a wide consumer market.

Jharkhand - Composition of GSDP (2012-13) (%) (AE)



Economic Indicators	GSDP (₹ million)	
Year	At constant (2004-05) prices	At current prices
2012-2013 (AE)	997,578.1	1,478,409.5
2011-2012 (QE)	914,207.1	1,305,053.2
Growth (y-o-y)	9.12%	13.28%

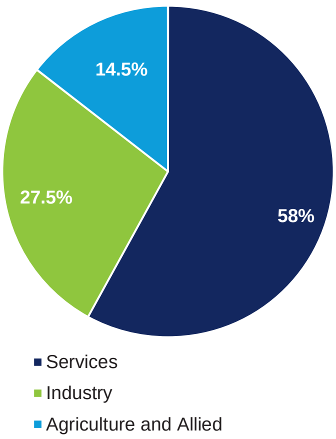
Source: Jharkhand Economic Review 2012-2013

[8] Source: Jharkhand Economic Survey 2012-2013, IBEF

Karnataka[9]

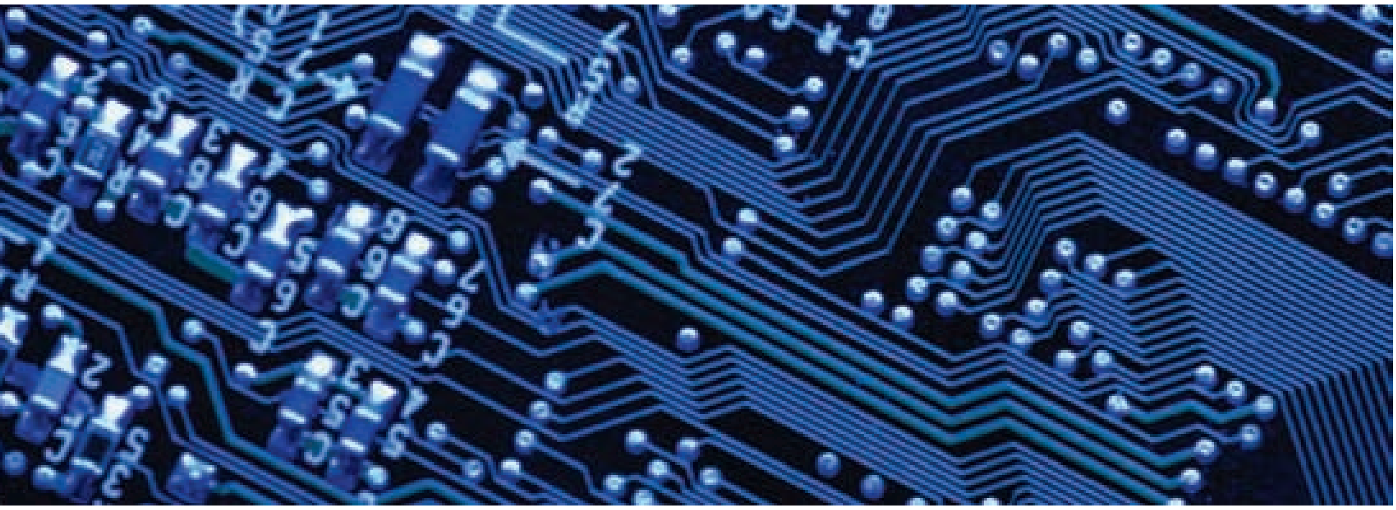
- Karnataka, a State in the South, is popularly known as the Silicon Valley of India;
- Services Sector grew by 8.9% in 2012-13 and contributed considerably to the growth of State's GSDP. Real estate, ownership of dwellings and business services, hotels and restaurants are the key Services Sectors of the State;
- IT sector is one of the focus sectors of the State, comprising of 47 IT and ITeS SEZ, 3 STPs and dedicated IT investment regions. The State Government has launched the Information and Communications Technology Policy and the Karnataka Electronics Hardware Policy for the growth of the industry in the State;
- Prominent industries of the State comprises of electrical and electronics, biotechnology, nanotechnology, information and communication technology. As per the Annual Survey of Industries (ASI) the State accounted for 5.07% of the total number of registered factories in India in 2010-11;
- Karnataka is focusing on the tourism industry in the coastal. The State Government has rolled out a special coastal circuit project covering 41 beaches and some islands identified for the purpose. The Union Ministry of Tourism had ranked the State fourth in the country in 2011, as far as domestic tourism is concerned;
- The survey conducted by ASSOCHAM in 2013 with regard to its paper on "Falling Rupee sparks property boom from NRIs" has highlighted Bangalore as a favourite property investment destination for NRIs.

Karnataka - Composition of GSDP (2012-13) (%) (AE)



Economic Indicators	GSDP (₹ million)	
Year	At constant (2004-05) prices	At current prices
2012-2013 (AE)	3,034,440	5,274,920
2011-2012 (QE)	2,864,100	4,632,430
Growth (y-o-y)	5.95%	13.87%

Source: Karnataka Economic Survey 2012-2013

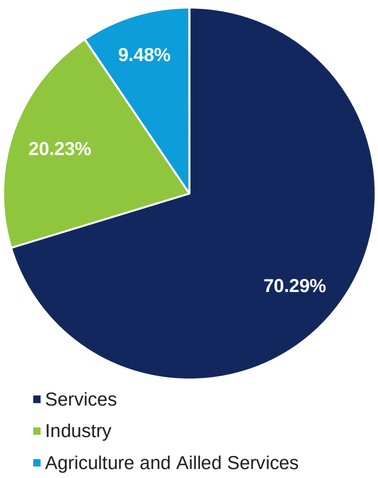


[9] Source:- Karnataka Economic Survey 2012-2013, IBEF

Kerala[10]

- Kerala popularly known as 'God's Own Country' has an enchanting and beautiful coastline and is located strategically on the trans-national trade corridor. The State has the highest literacy rate in the country;
- Tourism is one of the major sectors, with the State having been rated as one of the world's 50 must-see destinations by National Geographic Traveller;
- In terms of agriculture, Kerala is the largest producer of rubber, pepper, coconut and coir;
- The service industry dominates the region's economy and with the rise in the IT sector, the region has become an active destination for software development, e-commerce and e-business activities. With increasing investments by multinationals in the IT sector, IT has become a major income generator for the State;
- Kerala has huge investment opportunities for NRIs and PIOs. More than 2 million Keralites work outside India, in the Gulf and other countries; contributing significantly (more than 22 per cent) to the GDP of the State.

Kerala - Composition of GSDP (2011-12) (%) (QE)



Source: Kerala Economic Review 2012

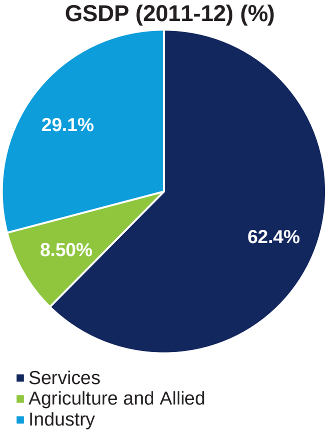
Economic Indicators	GSDP (₹ million)	
Year	At constant (2004-05) prices	At current prices
2011-2012 (QE)	2,101,071.7	3,152,056.7
2010-2011 (P)	1,918,667.6	2,694,737.9
Growth (y-o-y)	9.51%	16.97%

[10] Source: Kerala Economic Review 2012, IBEF

Maharashtra[11]

- Maharashtra is the second largest State of India with its boundaries touching the western and central part of India. It has a long coastline stretching almost 720 kilometers by the Arabian Sea. The State shares its borders with Gujarat, Madhya Pradesh, Chhattisgarh, Andhra Pradesh, Karnataka and Goa;
- Agriculture and allied activities account for 12.4 per cent of the State's GSDP at current prices in 2011-12;
- Maharashtra boasts of leadership position in so far as industrial sector in India is concerned, being a pioneer in Small Scale Industries. It is one of the most favoured State for domestic and foreign investment due to well-developed infrastructure, availability of substantial natural resources and skilled manpower;
- As per Economic Survey 2012-13, 105 FDI projects with an investment of ₹ 54,540 million have been approved during 2011-12 in Maharashtra;
- Some of the key automobile majors such as Mercedes, Volkswagen, General Motors and Tata Motors have set up their manufacturing plants in Maharashtra, thereby making it one of the leading States for automobile production. Maharashtra has also been the beneficiary of substantial investments in the IT sector and has the largest number of Special Economic Zones;
- Maharashtra offers one of the best surface transport facilities and connectivity with sea ports and airports;
- Mumbai, the capital of Maharashtra is the financial capital of India. Headquarters of large corporate & financial institutions are located in Mumbai which also houses India's main stock exchanges & capital market and commodity exchanges.

Maharashtra - Composition of GSDP (2011-12) (%)



Economic Indicators	GSDP (₹ million)	
Year	**At constant (2004-05) prices**	**At current prices**
2011-2012	7,874,260	11,995,470
2010-2011	7,352,120	10,350,850
Growth (y-o-y)	7.10%	15.89%

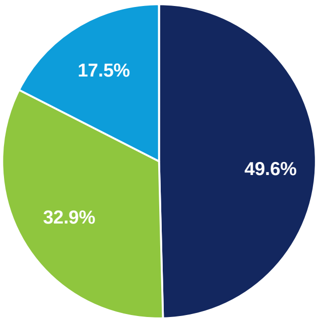
Source: Economic Survey of Maharashtra 2012-2013. Data for FY 2012-2013 not available in the economic survey

[11] Maharashtra Economic Survey 2012-13

Odisha[12]

- Odisha is situated on the north-eastern part of Indian peninsula. The State has abundant sources of core minerals such as nickel and vanadium; potential for gold, gems and semi-precious stones;
- The industrial sector includes manufacturing, mining & quarrying and electricity-gas-water supply. Odisha accounts for 10% of the total steel production of India;
- Odisha is the largest producer of aluminium in the country, with the presence of companies such as NALCO;
- Services Sector constitutes major share of State's GSDP;
- Tourism industry has grown in Odisha as a result of good infrastructure, development of existing and new tourist destinations and also on account of growth in the hotel industry;
- In order to provide impetus and synergy to the Investment Promotion Initiatives, the Government has instituted "Team Odisha" which provides the institutional framework to assist in industrial development and investment promotion.

Odisha - Composition of GSDP (2012-13) (%) (AE)



Economic Indicators	GSDP (₹ million)	
Year	**At constant (2004-05) prices**	**At current prices**
2012-2013 (AE)	1,426,067.4	2,587,440.9
2011-2012 (QE)	1,306,686.6	2,158,994.4
Growth (y-o-y)	9.14%	19.84%

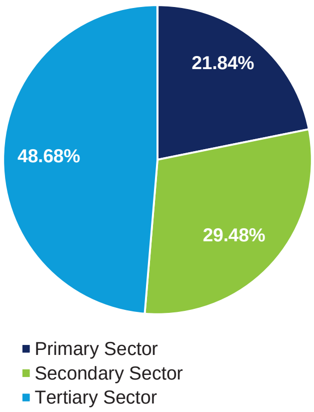
Source: Odisha Economic Survey 2012-2013

[12] Source: Odisha Economic Survey 2012-2013

Punjab[13]

- Punjab is a prominent State in Northern India which ranks among the most prosperous and industrialised states in India;
- Punjab known for its vibrant culture and tradition, is rapidly witnessing industrialisation through coordinated development of small, medium and large scale industries;
- Overall growth of the State has been on account of industrial and service sectors. The industrial sector comprises of manufacturing, construction and power sectors; and the services sector includes trade, transport, banking and insurance and public administration;
- Punjab's transport network is one of the best, with easy access to key markets such as the Delhi-NCR region. Huge investment of the State Government in development of roads is quite evident from network of national highways of the State;
- The State Government has recently re-constituted Punjab Governance Reforms Commission and submitted recommendations that include regulation frame work for NRI's Affairs;
- The State has emerged as a key hub for textile-based industries including yarn, readymade garments and hosiery;
- With the expansion of apparel parks, favourable textile policy and other incentives for the development of industrial infrastructure, the State offers tremendous opportunities for investment.

Punjab - Composition of GSDP (2012-13) (%) (AE)



Source: Punjab Economic Survey 2012-13

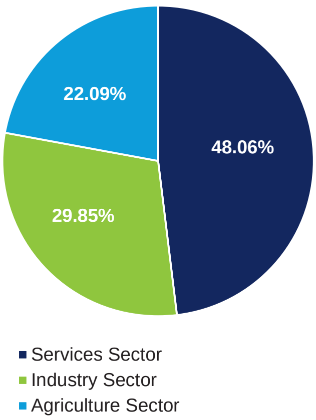
Economic Indicators	GSDP (₹ million)	
Year	At constant (2004-05) prices	At current prices
2012-2013 (AE)	1,645,750	2,960,070
2011-2012 (QE)	1,564,540	2,592,230
Growth (y-o-y)	5.19%	14.19%

[13] Source: Punjab Economic Survey 2012-2013, IBEF

Rajasthan[14]

- Rajasthan is the largest State in India in terms of area. Its economy is predominantly agricultural and pastoral. The State is the largest producer of oilseeds (rapeseed & mustard), seed spices (coriander, cumin and fenugreek), coarse cereals, soybean, food grains, gram, groundnut and pulses;
- Rajasthan is the leader in solar energy projects in the country. The State Government provides necessary infrastructure and related support to increase the solar power generation capacity in the State;
- Rajasthan also provides investment opportunities in the field of upstream & downstream hydrocarbon sector. The State Government has sanctioned 11 Petroleum Mining Leases for exploitation of Crude Oil, Heavy Oil and Natural Gas;
- Some of the other sectors for investment in the State are textile, gems and jewellery, handicrafts, ceramics and glass wares, mineral-based industries;
- Rajasthan offers a wide range of fiscal and policy incentives for businesses. The Government has introduced sector-specific policies for tourism, biotechnology, IT and ITeS industries;
- The "Rajasthan Enterprises Single Window Enabling and Clearance Act, 2011" has been introduced in the state to ensure time bound clearances for projects and investment proposals.

Rajashthan - Composition of GSDP (2011-12) (%)



Economic Indicators	GSDP (₹ million)	
Year	**At constant (2004-05) prices**	**At current prices**
2012-2013 (AE)	2,399,130	4,781,600
2011-2012 (QE)	2,278,240	4,167,550
Growth (y-o-y)	5.31%	14.73%

Source: Rajasthan GDP Survey 2004-05 to 2011-12; composition of GSDP for 2012-13 is not available in the survey

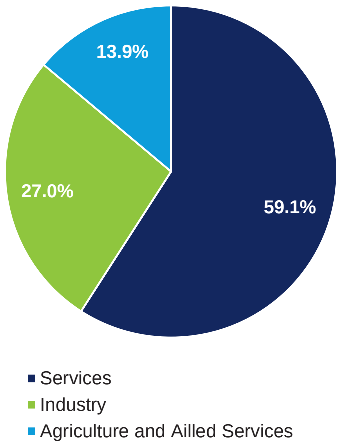
Source: Rajasthan Economic Review 2012-13

[14] Source: Rajasthan Economic Review 2012-2013, IBEF

Tamil Nadu[15]

- Tamil Nadu is situated on the southernmost part of the India;
- In terms of agriculture, Tamil Nadu is the largest producer of bananas, flower and tapioca;
- Tamil Nadu accounts for a major part of country's spinning capacity and is a leader in yarn export. A large number of textile mills and engineering units are located in around the city of Karur and Tirupur;
- Chennai, capital of Tamil Nadu, can be categorised as fast emerging major export hub of cars. Some of the automobile manufacturers such as Hyundai, Ford, BMW, Mitsubishi and Nissan have set up their factories in Tamil Nadu.

Tamil Nadu - Composition of GSDP (2011-12) (%)



Economic Indicators	GSDP (₹ Million)	
Year	**At constant (2004-05) prices**	**At current prices**
2011-2012 (RE)	52,030,000	82,330,000
2010-2011 (QE)	48,860,000	71,570,000
Growth (y-o-y)	6.49%	15.03%

Source: Tamil Nadu Mid-year Economic Analysis 2012-13. Data for FY 2012-13 is not available in the economic analysis

[15] IBEF, Mid-year economic Analysis FY 2012-13

Inside the Minds – Global Indians survey report

While the liberalisation can be dated as back as 1991, the last two decades have seen India open its doors to welcome foreign investments as also businesses to set up their operations in India. Liberalisation of the economy along with tax incentives and Government initiatives has paved the way for substantial increase in inward remittance for investments and businesses. This period is also a witness to what is frequently referred to as the "reverse brain drain", wherein many NRIs/PIOs/their next generations are returning to India to take up employment, start/expand their business or spend their post retirement years in the country of their origin.

In the current scenario, this brings us to a very pertinent question – "How do the Overseas Indians view the country's changing economic scenario and the opportunities that they have and can explore in general and during the current global downturn in particular?"

To find out more about this, a survey was conducted among a section of the Overseas Indian community. The target respondents chosen by OIFC from countries around the world were asked to provide their views on the investment opportunities in India, factors influencing the same, shortcomings (in their opinion) and avenues for improvement from a regulatory perspective.

We have captured the feedback relayed by the respondents and summarised key findings in the next few pages.

We would like to take this opportunity to thank all the respondents who completed the survey for their valuable feedback and appreciate their support.

Liberalisation and its impact

The first and foremost topic wherein Overseas Indians were asked to share their views was on whether the Government measures to liberalise the economy and promote foreign investments have yielded the desired results and promoted investments especially by the Indian diaspora?

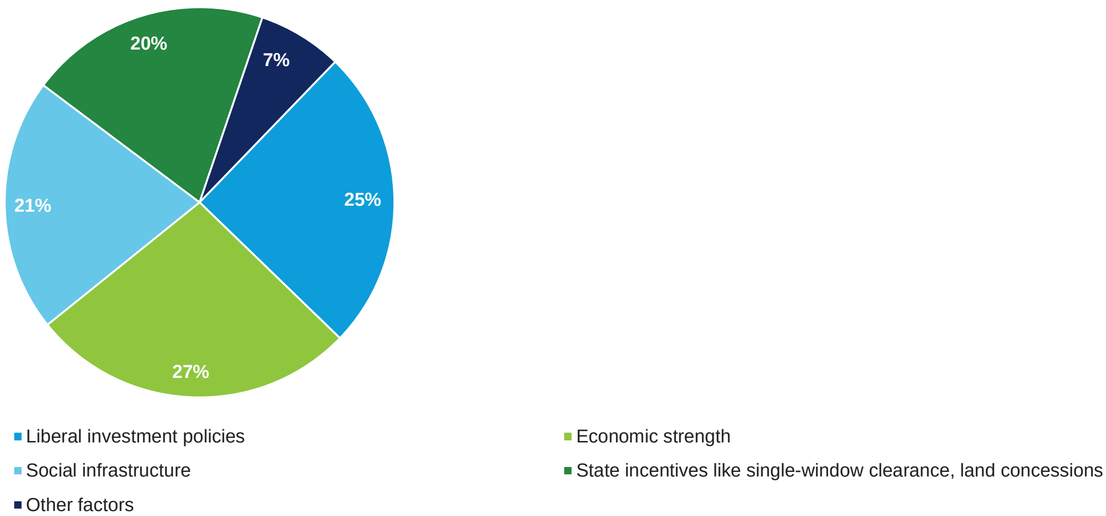
A majority of the respondents agree that the measures taken to promote foreign investments have, in fact encouraged investment though there is also a concern that the last few years are witnessing a slowdown. The respondents have highlighted following key areas that need improvement/corrective action.

- Need for better governance;
- Utilisation of Indian intellect to fullest;
- Proper implementation of plans/policies and initiatives;
- Removal of bureaucratic red tapism;
- Timely approval of plans/projects;
- Clarity, consistency & transparency in policy & regulations;
- Elimination of corruption/scams from the system; and,
- Initiatives to be taken by the Government to improve infrastructure and encourage investment in infrastructure and small industries.

Factors which have contributed to India being a preferred destination for investments

In addition to the national sentiments and affinity to the motherland, there are many factors that contribute to investments by NRIs in India. As stated above, liberalisation could be one such factor. The outcome of the Government steps could be best judged when the potential/actual investors respond to it.

The survey requested Overseas Indians to rank various factors (Liberal investment policies, economic strength, social infrastructure, state incentives like land concessions and single window clearance) in the order of preference that they thought contributed to India being a preferred investment destination. The feedback showed that 27% of the participants felt that the country's economic strength influenced the decision followed by Government's liberalisation measures, social infrastructure and state incentives. This has been mapped in the pie chart below.



On perusal of the pie chart above, it needs to be appreciated that 7% of the respondents felt that other factors like security, skilled man power, political stability, governance law and order and initiatives by the active Indian diaspora also play a role while determining India as an investment destination.

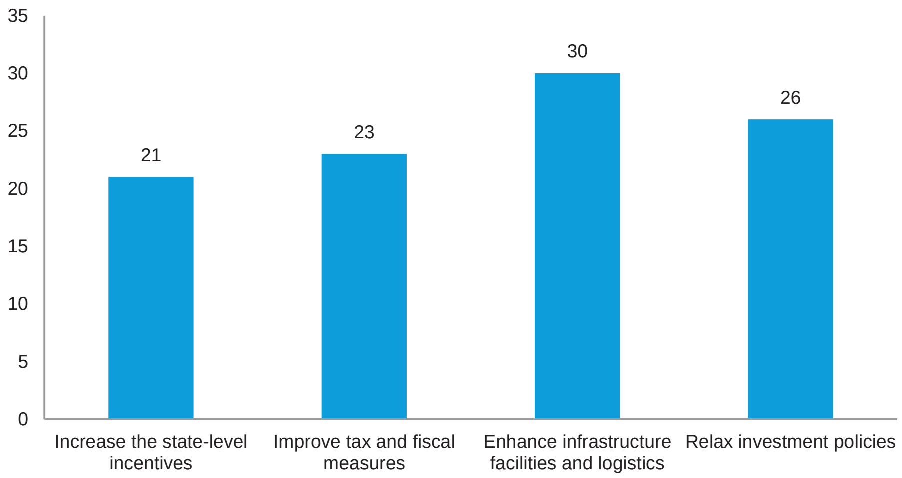
Availability of skilled work force – Does this outweigh other factors influencing investment decisions?

India is the second most populous country in the world with a mean age of 26. This indicates that there is abundance of workforce in the country that sends positive signals for investors worldwide. The large population also means that there is excess of supply over demand for labour. This may result in availability of skilled work force at a comparatively cheaper cost which could significantly influence investment decisions outweighing other factors. The survey respondents have, by and large echoed this sentiment though proper channelisation of the youth and provision of quality education have been emphasised as pre-requisites. However, there is also a view coming up among a cross section that infrastructure and investment policies are equally key determinants.

Steps to be taken to continue as an attractive investment destination

Indian economy has demonstrated stability even during the times of global recession. This has invited attention of foreign investors to invest in India. The fiscal reforms and various initiatives by the Indian Government facilitate this decision. The rapid growth of foreign investment over few years exhibits that India is an attractive investment destination. However, this should not lead to complacency and the Government needs to take steps to ensure that this advantage is not lost. Though there could be many factors that would help in India maintaining its vantage position, the survey had asked the respondents to rank the key factors (increase in state-level incentives, improvement in tax and fiscal measures, relaxing the investment policies and enhancing infrastructural facilities and logistics) for India to retain its position as an attractive investment destination. Their views have been captured in the chart below.

Steps to be taken to continue as an attractive investment destination



30% of the respondents have emphasised on the enhancement of infrastructure facilities and logistics in India to continue as an attractive investment destination. This clearly demonstrates that the resources available in India cannot be best utilised efficiently unless there is proper infrastructure.

26% of the respondents opine that investment policies in India have to be relaxed so as to attract more investments from foreign country. Incentives from the State Government and Tax and fiscal measures almost share the same position - 21% and 23%, respectively.

With the focus of the Government on infrastructure and launch of industrial corridors, we may conclude that the country is in the right direction in addressing the interests of the foreign/ NRI investors.

Foreign exchange regulations and investments

Foreign exchange regulations play a pivotal role in attracting inward remittances. The ease of remitting funds and repatriating returns/capital, approval process, procedures and permitted sectors play a crucial role in attracting investments. India has surpassed China and emerged as the leader in inward remittances in June 2013. This significant influx could be channeled effectively in developmental activities as well as for economic growth. Additionally, the extent of remittances for business reasons could be enhanced significantly. For this purpose, changes may need to be made to the exchange control regulations. When asked what changes should be introduced in the foreign exchange regulations, the respondents have identified the following as the thrust areas:

- Measures to ensure stability of the Indian Rupee;
- Better returns in the form of higher interest rates;
- Free flow of funds in and out of the country;
- Opening up of vital sectors for investment;
- Stability on the tax front;
- Incentives to bring foreign currency into India;
- NRI friendly schemes and roadmap for investment and
- Transparency in the system and operations.

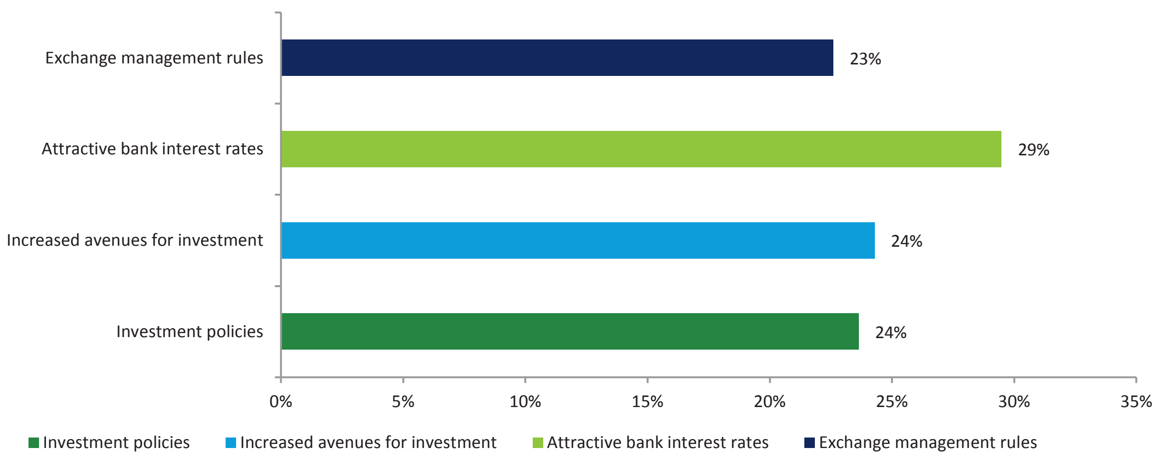
Measures contributing to inward remittances into India

Overseas Indians send billions of dollars in remittances each year into India. In fact, a World Bank report states that India is the leader in inward remittances as of date. In many developing countries like India, remittances are an important source for national income and also are the largest source of external financing.

The next question posed in the survey related to the measures that have contributed for this substantial influx of funds to India besides family reasons. The options provided in the survey were friendly investment policies, increased avenues for investment, attractive bank interest rates and exchange management rules - simplified form and procedures for inward remittances and repatriation.

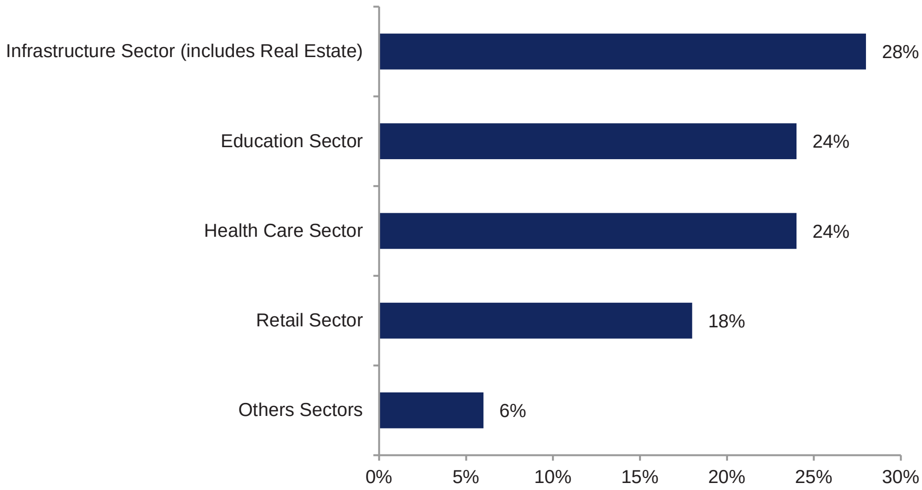
The survey results show that 29% of the respondents felt attractive bank interest rates as one of the key measures of the Government that has resulted in huge inflow of remittances into India. Respondents are almost equally divided (23%, 24%, and 24%) while evaluating other measures that have led to substantial inflow of funds into India. This has been tabulated below.

Measures contributing to substantial inward remittances into India



Preferred sectors for Investment

India's economy is amongst the largest in the world on the basis of Purchasing Power Parity. It is today one of the most attractive destinations for business and investment opportunities with the large manpower base, diversified natural resources and strong macroeconomic fundamentals. There are various investment avenues available to the NRIs/PIOs like Real estate, Capital market, Mutual funds, Bank deposits, Gold, including sectors such as Health care, Automobile, Retail, Education, energy etc. A growing India offers opportunity across sectors notably education, infrastructure (real estate), retail, health care and pharma. Based on our survey, infrastructure sector including real estate has received a high rating from the respondents. Although the Indian real estate industry has been on a roller coaster ride since 2005, it still retains its status as the most preferred investment avenue for NRIs.



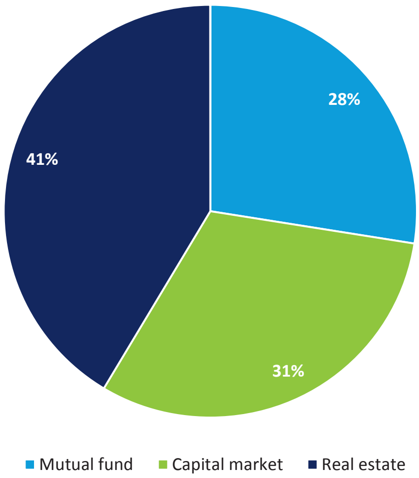
As per the results of the survey, healthcare sector and educational sector are of equal importance in so far as investment intent of NRIs is concerned. The influence of healthcare and education sectors to Indian GDP has increased in the last few years and these sectors have the potential to be an engine of growth for the nation. 18% of the respondents considered retail as an investment prospect, considering the recent liberalisation by the Government in this sector and the possibility for generating significant employment opportunities. 6% of the survey respondents identified few other prominent sectors such as agriculture, manufacturing, energy, chemicals and tourism.

Most attractive investment avenues

The Indian real estate sector is exploding with new opportunities every day. Though the growth of Real estate sector in India has seen a downward trend during the financial year 2012-13 due to recession and tough economic conditions, it continues to be a favoured destination globally for investors, developers and non-resident Indians (NRIs), driven largely by investor-friendly Government policies and increasing globalisation. The foreign direct investment (FDI) in the sector is expected to touch USD 25 billion in the next 10 years from its current USD 4 billion[16].

As per the guidelines issued by The Reserve Bank of India (RBI), general permission is granted to foreign citizens of Indian origin to purchase property in India for residential or commercial purposes. However, the purchase consideration should be met either out of inward remittances in foreign exchange through normal banking channels or out of funds from non-resident external (NRE)/ foreign currency non-resident (FCNR) accounts maintained with a bank in India.

Most Attractive Investment Avenues



This sentiment has been echoed in the survey as well, as can be seen from the graphical representation above wherein 41% of the respondents prefer investing in Real estate sector. 31% of the respondents have opted for Capital Market which includes stock and bonds. This sector also provides substantial investment opportunities to NRIs and PIOs. The remaining 28% of the respondents have gone with mutual funds, as their preferred investment avenue.

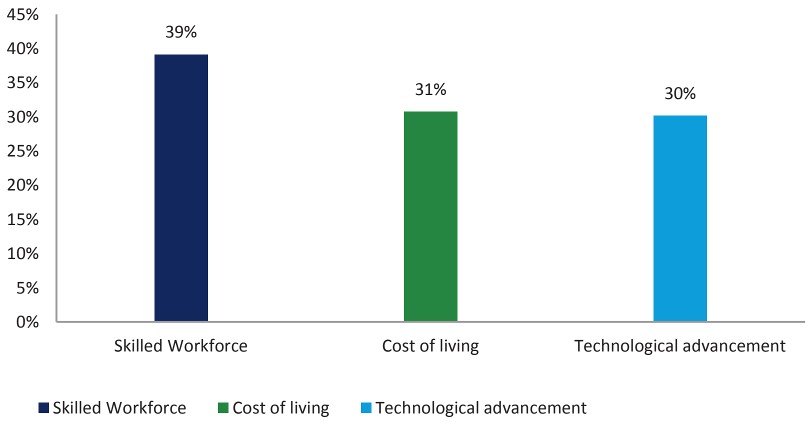
Note:

The diagrammatic representation above considers the weighted average ranking by the respondents on the various avenues.

Out of the total, 15 respondents have also preferred other avenues such as Healthcare products, Agriculture, Retail sector, Banking sector. However, these avenues have not been factored in the aforementioned chart since all the survey respondents have not replied to the Other Avenues Section.

[16] www.oifc.in

Factors influencing long term investment decisions in India



This aspect of the survey focused on the key factors that are considered of prime importance by NRIs while looking at India as a preferred investment destination. Skilled workforce has emerged as the most important factor with 39% vote while other factors like cost of living and technological advancement rank almost equally. The respondents also indicated certain other factors that influencing investment decisions, prominent among them being better infrastructure, better governance and hard-working workforce.

Affinity to India and its impact on the decision to relocate/invest

Overseas Indians have established themselves in foreign countries and have earned respect through their hard work, dedication, achievements and contributions to society. Their decision to move to India may be an emotional one inspired by the need to return to one's roots. The respondents felt that though the trigger point may be emotional but decisions are always rational keeping in mind the options available for the future generations.

The respondents have also suggested that the move is influenced by factors such as security, protection of investments, availability and maintenance of adequate infrastructure, business/career opportunities, proper governance and simplified tax laws providing certainty to tax payers. Other factors that play on the minds of NRIs are improvement in infrastructure and standards of living and protection from red tapism.

Permission to Overseas Indian doctors to practise in India

The survey also covered the Government's move to permit Overseas Indian doctors to practice in India without undergoing screening tests. This move was long demanded by the diaspora who had wished to practise in the homeland. More than half of the respondents felt this move is an encouraging one and expressed that similar concession should also be extended to other professions/ sectors. However, 21% of the responders have expressed that there should be appropriate screening process before allowing medical practitioners to practice in India to ensure quality of service and to protect the local talent pool. Some respondents have also indicated that the change will yield positive results only if compensation levels and other socio/economic factors are improved.

Whether India's demographic advantage overweighs other factors while taking investment decisions into India?

India is the largest democracy in the world and also the second most populous country. When asked if this has influenced investment decisions, respondents by and large have answered affirmatively. They have also stated that cost efficient and skilled workforce attracts majority of business players to venture into India. However, there is a large section of semi-skilled workforce and investment needs to be channelised towards their education and training. Some respondents believe that apart from the skilled workforce, access to the large Indian consumer market and higher growth rate are major drivers influencing the investment decision in India. The respondents however felt that the

Government should focus on better governance, addressing red tapism and introduce investor friendly tax/regulatory policies.

India’s initiative to improve corporate governance

The Companies Act 2013 has replaced the nearly six decade old regulation that had governed corporates in the country. It has strengthened the rules relating to governance including auditors’ rotation, mandatory corporate social responsibility (CSR) contribution etc.

Considering this positive move, the investors’ views were sought on whether these changes will protect investor interest in the long run. Largely, the respondents are of the view that changes would strengthen current level of governance and enhance overseas investors’ confidence. Few respondents felt that the legal systems in India needs to improve dramatically to compliment the changes brought in by the new legislation, while some believed that the biggest challenge lies in effective enforcement and vigilance of these rules.

Perception of India-
Experts Speak

Any survey would be incomplete without expert views and opinions. In keeping with this, Deloitte Touche Tohmatsu India Private Limited and OIFC reached out to Overseas Indians across countries to understand their perspectives of the India growth story and get a first-hand report of their achievements. This was done through questionnaires sent over mail as well as telephonic interviews. Besides dwelling on India's economic strength, current and future growth prospects and key performing sectors, the topics also extended to how Overseas Indians could contribute to India's economic growth.

The ensuing pages provide a synopsis of the interview/feedback received.

Mr. Amol Titus

President Director, Indonesia WISE (Jakarta, Indonesia)

"It is important to develop and execute concrete projects that enhance the competitiveness of our core sectors. There are certainly challenges in doing business in India but the long term rewards are there and those who sit out of India are missing out on one of the world's best emerging markets".

Observations

"India has the potential to become a global economic player" Would you agree? If not, what do you feel should be done to achieve this?

Totally agree. India has many attractions including a democratic system of governance, free press and judiciary, competent workforce, prowess in information technology (IT), improving infrastructure, English language proficiency, big domestic markets, strong local industry and SMEs and international presence of an achievement oriented diaspora of NRIs.

It is important that we build on our strengths and address deficiencies in a systematic manner. Some deficiencies that are adversely impacting and holding back investment include lack of clarity and consistency of policies, slow pace of privatisation of public sector enterprises, full transparency in contract bidding process and the need to keep building world class infrastructure such as airports, roads, ports, power stations and waste management systems.

Do you have investment or business links with India? What has been your experience of investing/doing business in India?

We have strong investment and business links in our capacity as a strategic advisory and management consulting firm. Our overall experience has been positive. You need patience, possibly focus on India's better governed states, undertake proper due diligence and manage risks. There are certainly challenges in doing business in India but the long term rewards are there and those who sit out of India are missing out on one of the world's best emerging markets.

Do you have any interest to do further business or open links with India?

Yes certainly, we are engaged in projects with many Indian blue chips and are also looking at opportunities in Healthcare, Automotive Lubricants, Education and Hospitality.

Will you recommend other companies to do business with India? If yes why?

Certainly - first because I am proud to be an Indian and second as a professional strategic advisor with experience of many emerging markets I genuinely believe investors can succeed in India. I am happy to assist those from ASEAN especially Indonesia in making it happen.

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Dr. Manu Chandaria

Chairman, Mabati Rolling Mills Ltd (Nairobi, Kenya)

> "I am a person of Indian origin. I certainly will propagate Indian business".

Observations

How do you think Overseas Indians are at an advantage in understanding the business and cultural environment in India in comparison to Foreign Nationals? What can be done to further increase their awareness and understanding?

They know the country much better than an Indian investor. As a foreigner, one always has less acceptability. Many of them are there for three to five generations and have done very well.

Do you have investment or business links with India? What has been your experience of investing/doing business in India?

We have investments in India. We have much bigger businesses elsewhere. The time it takes to set up the business in India is too long.

Do you have any interest to do further business or open links with India?

Surely we will do more business in India if the price, quality and the delivery are seamless.

Will you recommend other companies to do business with India? If yes why?

Yes, I am a person of Indian origin. I certainly will propagate Indian business.

Mr. Paras Shahdadpuri

Chairman, Nikai Group (Dubai, United Arab Emirates)

"India will sustain the economic growth no matter which political system comes. India will grow in the next 40-50 years".

Observations

"India has the potential to become a global economic player" Would you agree? If not, what do you feel should be done to achieve this?

I do agree 100%; No one can take away India's right to be the global economic power. It is there on the cards and the country is moving ahead. But the growth is at a slow pace; it could have gone at a faster pace.

The single most serious bottleneck is the lack of adequate infrastructure. This sector needs to be given top most priority if we have to grow as an economic power. We all realise the major challenges of mobilising financial resources; but we are nowhere near our goal of mobilizing US Dollars 1000 billion!!

How do you think Overseas Indians are at an advantage in understanding the business and cultural environment in India in comparison to Foreign Nationals? What can be done to further increase their awareness and understanding?

Wherever Indians may live, but you cannot take out India out of Indians – they visit India, know the emotions, psyche of the people, and are aware of the psychological quotient. They will understand the business and cultural environment many times better than any foreigner.

To increase the awareness and understanding among the NRIs, – the Indian media will have to help. India is the country of the Mangalyaan rocket technology, satellites, the indigenous aircraft carrier, the unmanned aircraft, The Information Technology companies, the heavy machinery manufacturing – these are achievements which should be talked about, to be projected and brought to the exhibitions. India is the biggest IT software producer.

Do you think that India's economic growth can be sustained in the next 4-5 years? If not, what does India have to do to make it sustainable?

India will sustain the economic growth no matter which political party comes. India will grow in the next 40-50 years. Let me explain how.

Good Infrastructure will take us from current 5% GDP growth to 8-9% growth; this can be sustained without overheating the economy for the next 15 years provided the infrastructure matches development.

The Indian entrepreneurs are like springs – how much ever you suppress them, they will not get suppressed. In fact they will bounce back with equal speed. The youth of India are a boon to the Indian economy. India is not an ageing population.

Mr. Sachin Gopalan

Chief Executive Officer, Berita Satu Media Holdings (Jakarta, Indonesia)

"Globalisation is not just about big business entities operating, it's about "participation" at all levels in building the economy and contributing to the GDP growth".

Observations

How do you think Overseas Indians are at an advantage in understanding the business and cultural environment in India in comparison to Foreign Nationals? What can be done to further increase their awareness and understanding?

The strong tradition and cultural links that Overseas Indians maintain in their respective communities help them to understand India better and help keep the younger diaspora generations engaged with India. India should help to strengthen these ties by enabling cultural exchanges, sponsorships, tours, and related activities. Education in India helps this further if children can be sent to study graduate/post graduate degrees in India rather than overseas. For this, the education sector has a long way to go. Foreign nationals can learn more about India by being engaged overseas with India related business and cultural opportunities. In my experience, having a positive experience with India is very important for foreign nationals to desire expanding their linkages further with India.

Do you think that India's economic growth can be sustained in the next 4-5 years? If not, what does India have to do to make it sustainable?

Yes, it can be sustained if they open up new opportunities for both diaspora Indian based and Foreign SME businesses to enter India. Globalisation is not just about big business entities operating, it's about "participation" at all levels in building the economy and contributing to the GDP growth.

Do you have investment or business links with India? What has been your experience of investing/doing business in India?

Not at the moment, but I do plan to start something again. I did some business 12 years ago and found it very frustrating, the opportunities here are much better and easier and lower maintenance.

Will you recommend other companies to do business with India? If yes why?

Most definitely yes, due to future opportunities that India offers, but most importantly because the world's second most populated country cannot be ignored. Compared to China, India can do much better only if it opens its eyes to the world and start seeing what is happening and starts to play a role in global market creation. Becoming a Global Player must come first from a created perception that we are there already, then from facts to support the claims when compared to other countries, and lastly followed by giving opportunities to global citizens in experiencing it first-hand. Not just aimed at Indians, but aimed at citizens of other countries to come and be a part of the India Growth Story.

Mr. Yusuffali M.A.

Managing Director, Emke LuLu Group (Abu Dhani, United Arab Emirates)

"Economists see India as a rising economic superpower and the country is believed to play a major role in the global economy in this century".

Observations

"India has the potential for becoming a global economic player" Would you agree? If not, what do you feel should be done to achieve this?

Yes, I totally agree that India has the potential for becoming a global economic player. Economists see India as a rising economic superpower and the country is believed to play a major role in the global economy in this century. As our economic fundamentals remain strong, even during the global economic downturn, Indian economy was almost unaffected. The recent depreciation in the Indian Rupee is only a temporary phenomenon. The Government has taken a number of reform measures to accelerate economic growth, attract foreign investments, boost exports, domestic investments and to strengthen the financial sector. The impact of these measures will be seen soon and Indian economy will rise again.

Do you think that India's economic growth can be sustained in the next 4-5 years? If not, what does India have to do to make it sustainable?

Definitely, India is recovering from the present depreciation of Indian Rupee and I sincerely believe that it will rise again to register impressive growth. The economic growth can be sustained in the coming years which will greatly boost the trade and investments in the country.

Do you have investment or business links with India? What has been your experience of investing/doing business in India?

Our Lulu Mall in Kochi is one of the largest shopping malls in Asia. Lulu International Convention Centre in Trissur is the second largest in India. Our export division Fair Exports (I) Pvt. Ltd. exports fruits and vegetables to our Lulu retail chain all over the world. In addition, it also exports spices and a good range of garments. In addition, it is the recipient of the Gold Award for exports from the Government of India.

Do you have any interest to do further business or open links with India?

Yes. We are definitely interested in doing further business in India and my next project is Asia's biggest Convention Centre in Bolgatty, Kochi.

Will you recommend other companies to do business with India? If yes why?

I always recommend our Overseas Indians to invest in India. We have had a very good experience in doing business in India and have been successful with our initiatives in our country. As a result of the same, we are also serving as a model while recommending other companies to invest in our country.

Business opportunities for NRIs and PIOs in India

Overview

Indian Economy is the third largest in the world on the basis of Purchasing Power Parity. It has been the fastest growing economy with an average growth rate of 7% per year over the past two decades. During 2010-11, the rate was higher at 9.3 per cent though it slowed down to 5% in 2012-13 due to the global economic downturn.

Among the top 15 countries (including BRIC nations) in the world, India ranks 9th in overall GDP and 10th in services GDP. A comparison of services performance for the 11 year period from 2001 to 2011 shows that the increase in share of services in GDP was the highest for India with 8.1 percentage points[17]. In order to accelerate the industrial growth, the Government had announced the National Manufacturing Policy in 2011 with the objective of increasing the share of manufacturing in GDP to 25% over a decade.

During 2012-13, services sector recorded a growth rate of 7.1% while industry and agriculture were at 2.1% and 1.9 % respectively[18]. Generally, growth of a sector is also linked to the FDI inflows into that sector. Some of the sectors that attracted highest FDI inflows into India are:

- Services Sector (comprising of financial, banking, insurance, non-financial, business outsourcing, research & development, courier, technology testing and analysis);
- Construction development - Townships, housing, built-up infrastructure and construction development projects and infrastructure activities;
- Drugs and Pharmaceuticals;
- Automobile; and,
- Computer hardware and software.

For the purpose of our analysis, we have focused on the following key sectors that are gaining importance:

- Information Technology and Information Technology Enabled Services;
- Healthcare and Pharmaceutical industry;
- Infrastructure and real estate;
- Research and development.

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[17] PIB release dated 27 February 2013
[18] PIB release dated 31 July 2013

Information Technology (IT) and Information Technology Enabled Services (ITeS)

Overview:

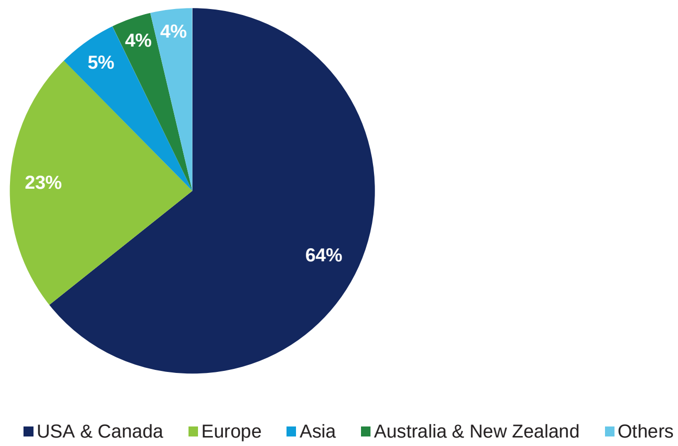
India has been witnessing transition from agrarian economy to a knowledge-based economy. Indian firms, across all other sectors, largely depend on IT & ITeS service providers to make their business processes efficient and streamlined. Indian manufacturing sector has the highest IT spending followed by automotive, chemicals and consumer products industries. According to NASSCOM[19], the Indian IT industry is poised to become a USD 225 billion industry by 2020. Therefore, the IT and ITeS sector continues to be one of the sunshine sectors of the Indian economy.

The Indian IT industry (including hardware) has a global market share of 7%; in the IT segment, the share is 4% while in the ITeS, space the share is 2%. The industry is dominated by large integrated players consisting of both Indian and international service providers. During the year 2012-13, the share of Indian providers had gone up to 65 - 70% due to the emerging trend of monetisation of captives.

The IT and related services sector contributes to 8% of GDP and 25% of exports. It employs three million people directly[20].

India's export of IT & ITeS services during 2011-12 stood at ₹2,484.3 billion (USD 51.8 billion), showing an annual growth of 14.5%. Exports of Computer Services and ITeS/ BPO services accounted for 75.2% and 24.8%, respectively of the total software services exports, with America, Canada and Europe contributing to approximately 87.6% of total software service exports.[21]

Destination of Software Services Exports 2011-12

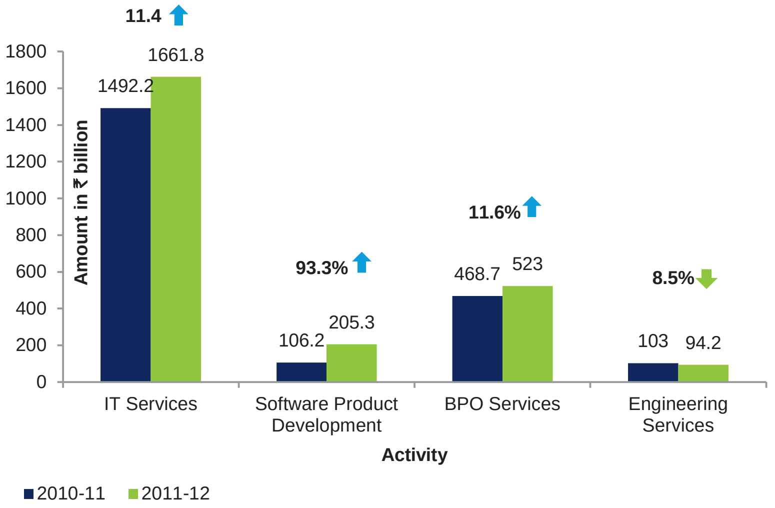


[19] http://www.ibef.org/industry/information-technology-india.aspx
[20] PIB release dated 27 September 2013 (Hon'ble PM's statement to business leaders in New York)
[21] Total Software Services Exports in 2011-12: RBI Survey dated July 2013

India's IT and ITeS sector exports are expected to grow by 12-14% in FY14 to touch USD 84 billion - USD 87 billion, according to NASSCOM. The Government in the National Policy on Information Technology (NPIT) 2012 envisages to increase IT industry revenues, through exports as well as the domestic market, from USD 100 billion to USD 300 billion by 2020.

Data Source: PIB

Software Services Export from India



Source: PIB

FDI regulations

FDI up to 100 per cent under the automatic route is permitted for electronic hardware and software development, data processing, computer consultancy and ITeS sector.

Government Initiatives

- As a part of the National Electronics Policy, the GoI is planning to set up 15 new laboratories under Public-Private-Partnership (PPP) model for hardware and software testing. These laboratories will facilitate registration and testing of IT products before they are launched in the market;
- The GoI has fast tracked the process of setting up centres of the National Institute of Electronics and Information Technology (NIELIT) in Northeast India;
- Software Technology Parks (STPs) of India were set up to provide single window clearance facility and to promote software exports from the country. As on 31 March 2012, around 542 STP units were exporting and availing statutory services from STPI;
- SEZ scheme was enacted by the GOI in 2005 with an objective of providing an internationally competitive and hassle-free environment for exports. It provides drastic simplification of procedures and a single-window clearance policy on matters relating to Central and State Governments. According to the SEZ Approval Board of India, the maximum number of SEZs has been approved for the IT & ITeS sector;
- Information Technology Investment Regions (ITIR's) were notified in 2008 in order to address the sector's infrastructure needs. These regions will be endowed with excellent infrastructure that will allow companies to reap the benefits of co-siting, networking and greater efficiency through use of common infrastructure and support services. Recently, ITIR is proposed near Hyderabad with the total investment outlay of about ₹2190 billion, of which the IT & ITeS Sector is likely to attract investments of ₹1180 billion and the Electronic Hardware Manufacturing sector of ₹1010 billion[22]. Special consideration will be given to accommodate SMEs in the proposed ITIR;

[22] PIB release dated 20th September 2013

- National Policy on Electronics 2012 envisions making India a globally competitive destination in the sector and offers several incentives to attract investment in this sector. The key incentives offered include:
  - Modified special incentive package scheme which provides up to 25% capital subsidy for investment in the sector. The incentives are available for 29 category of products including telecom, IT hardware, consumer electronics, medical electronics, automotive electronics, solar photovoltaic, LEDs, LCDs, strategic electronics, avionics, industrial electronics, nano-electronics, semiconductor chips. The scheme also provides incentives for relocation of units from abroad;
  - Electronic Manufacturing Clusters Scheme which provides 50% of the cost for development of infrastructure and common facilities in Greenfield clusters and 75% of the cost for brownfield clusters;
  - Preference is accorded to domestically manufactured electronic goods in Government procurement and those electronic products which have security implications.
- External Commercial Borrowing by SEZ units up to USD 500 million in a year without any maturity restriction through recognised banking channels.

Tax incentives

In addition to above sector specific incentives, enterprises operating from SEZs could avail the following tax incentives:

- Exemption from duty on import of capital goods for use of IT/ Electronics industry;
- Service tax exemption on services received by a unit located in a SEZ or developer of SEZ and used for authorised operations. Exemption also applies to services provided by a Technology Business Incubator (TBI)/ Science & Technology Entrepreneurship Park recognised by National Science & Technology Entrepreneurship Development Board;
- Eligible person, who begins to manufacture or produce articles or things or provide any services in SEZ, gets an incentive i.e. the profits and gains derived from the SEZ unit are exempted to the extent of 100% for the five consecutive years beginning from the year of manufacturing/ provision of services and thereafter 50% for the next five years and further, 50% for the remaining five years (subject to condition of reserves);
- Exemption from State Value Added Tax (VAT) on purchase of goods within the State for authorised operations of SEZ developer/ unit and other levies, as extended by the respective State Governments like reduced rates of tax for sale of agricultural and industrial inputs, capital goods, medicines, precious metal, etc.;
- Exemption from Central Sales Tax (CST) on inter-state purchases for authorised operations of the developer/ unit;
- Subjected to certain conditions, any capital gain arising on transfer of assets (machinery, plant, building, land or any rights in buildings or land) emanating on shifting of the industrial undertaking from an urban area to any SEZ would be exempt from capital gains tax subject to the limit of the costs and expenses incurred.

In addition to SEZ, the following benefits are available to the EOU, STP and Electronics Hardware Technology Park Unit (EHTP):

- Excise duty exemption for purchase of specified goods by EOU, STP and EHTP units;
- Conditional exemption from Anti-Dumping Duty on goods imported into India by 100% EOU;
- Conditional exemption from whole of the customs duty including the additional duty of customs in lieu of excise (CVD) and special additional duty of customs in lieu of Sales tax (SAD) to material imported for use in the goods supplied to projects aided by multilateral/ bilateral agencies, EOU, FTZ and fertiliser plants.

Useful weblinks

Department of Electronics and Information Technology - deity.gov.in

Software Technology Parks of India - http://www.stpi.in/

Special Economic Zone - http://www.sezindia.nic.in/

Health care and pharmaceutical industry

Overview

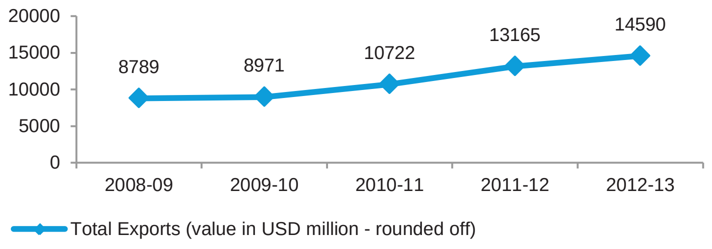
The Indian Pharma industry is the fourth in the world in terms of production volumes, thirteenth in terms of domestic consumption and twelfth in terms of export value. The phenomenal growth in this sector is contributed through complex drug manufacturing, generic exports, high-end pathology and diagnostic services. On healthcare infrastructure, there are about 1,376,013 beds available in Government hospitals and about 387 medical colleges in India (out of which 181 are in Government sector and 206 Medical Colleges in Private sector).[23]

India has over 550 manufacturing sites registered with United States Food and Drug Administration, out of which 323 sites are approved as on 31 March 2013[24]. Further, there were 785 licensed Ayurveda, Siddha, Unani and Homoeopathic Medicines manufacturing companies in the country as on 1 April 2012[4]. India has become a preferred destination for medical tourism due to its low cost with sophisticated facilities and the industry pegs about USD 1 billion per annum currently.

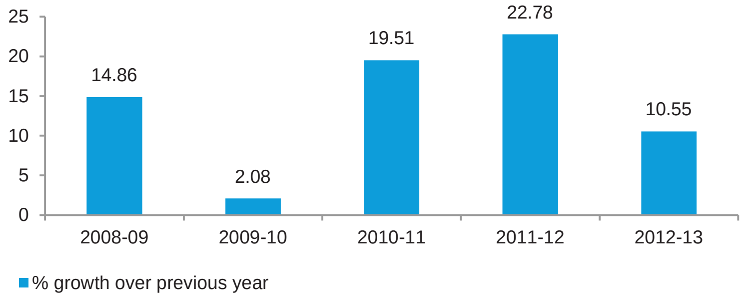
Diagnostics outsourcing and clinical trials are seeing a significant upward trend with a growth rate of CAGR 26% and an expected market share of over 50%. Moreover, the genetic testing market is expected to grow at a CAGR of 9%[25]. All the growth is based on the foundation of substantial expansion into Tier II & Tier III cities and Government support to strengthen the healthcare industry in India.

India enjoys a unique position of low cost manufacturing and highest quality medicine, best of both the worlds. The increase in exports over the last few years indicates the growing strength of pharma industry. During 2012-13, pharma industry demonstrated an increase of 10.55% in the export value in comparison with 2011-12.[26] Over 55% of the exports of India are to highly regulated markets, with USA being the largest exports destination followed by UK. Further, India is the largest exporter of formulations in terms of volume with 14% market share.

Total Exports (value in USD million rounded off)



% growth over previous year



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[23] PIB report
[24] PIB release dated 03rd June 2013
[25] http://www.ibef.org/industry/healthcare-india.aspx
[26] http://pib.nic.in

FDI regulations[27]

FDI is highly welcomed for this sector, with 100% permission in the case of green-field projects and prior FIPB approval for the existing ones. Currently over 96% of the FDI are into brown-field projects. According to the DIPP, FDIs worth USD 1.91 billion have been received by the hospital and diagnostics centre in India, while drugs & pharmaceutical and medical & surgical appliances industry registered FDI worth USD 11.32 billion and USD 653.45 million, respectively during April 2000 to June 2013. The Government expects that such FDI would strengthen the domestic pharmaceutical sector by augmenting the availability of capital and technology for production, marketing, research & development.

The FDI norms can be broadly summarised as under:

100% Automatic route (No permission required)	Approval route (Requires Government approval)
• Health & medical services • Green-field investments (new projects) in pharmaceutical sector in India	Brown-field investments (investment into an existing company) are subject to Government approval. The approval is subject to conditions of availability of essential medicines and maintenance of a reasonable level of research and development expenditure. However, 100% brown-field investment is allowed in the pharmaceutical sector.

[27] Source: PIB

Government Initiatives on Healthcare and Pharmaceutical sector

- The Department of Pharmaceuticals has prepared a vision document - "Pharma Vision 2020" to make India as one of the leading destinations for end-to-end drug discovery and innovation. Through this, the Government provides support by way of excellent infrastructure, internationally competitive scientific manpower for Pharma R&D and funds for research in the public and private domain;
- The Government has established Traditional Knowledge Digital Library (TKDL) for prevention of grant of patents by International Patent Offices on non-original inventions based on formulations mentioned in Indian Systems of Medicine. The TKDL is a digital database of traditional medicinal knowledge and is based on patent compatible format. It is available in five international languages- English, French, German, Japanese and Spanish. Access to TKDL has been granted to International Patent Offices (under non-disclosure agreement) for examination of patent applications, with the objective of preventing misappropriation of traditional Indian medicinal knowledge. More than 2.83 lakh medicinal formulations of Indian Systems of Medicine have been codified in TKDL;
- National Rural Health Mission and National Urban Health Mission were set up in 2005 to ensure provision of effective healthcare to the country's rural and urban population. As per the Ministry of Health & Family Welfare's annual report for 2011–12, such initiatives have resulted in a reduction in the maternal mortality rate, infant mortality rate and total fertility rate;
- Appellate laboratory – Pharmacopoieal Laboratory of Indian Medicine has been set up by the Central Government in Ghaziabad. The objective is to lay down standards for Indian medicines which include drugs of Ayurveda, Unani and Siddha. It also develops and strengthens the manpower needs to educate, train and utilise the drug inspectors/drug analysts in the country;
- Republic of Hungary has signed a bilateral agreement with India for promotion and development of traditional systems of medicine on 17 October 2013, especially Ayurveda;
- A centrally sponsored scheme, "National Mission on Medicinal Plants", has been implemented since 2008-09 to encourage farmers to take up cultivation of medicinal plants. The scheme aims at supporting cultivation of prioritised medicinal plants in clusters, through growers, farmers, growers associations, self-help groups / co-operatives / federations and producer companies. The scheme has released approved funds of ₹378.608 million in 2012-13 and ₹475.474 million in 2013-14[28];
- For strengthening the tertiary care cancer facilities, it is proposed to establish 20 Cancer Institutes in 20 States with a financial assistance of ₹1200 million. Further, 50 Tertiary Care Cancer Centres are proposed to be set up in different parts of the country, with financial assistance upto ₹450 million[29];
- A countrywide campaign in the name of 'Jan Aushadhi Campaign' has been initiated in collaboration with State Governments. This campaign aims to provide unbranded generic medicines through Jan Aushadhi stores, which are less priced but of equivalent quality, efficacy and safety in comparison to branded generic medicines.

Tax incentives – Pharma

The Income-tax Act, 1961 (the IT Act) provides that any person carrying on a business of operating and maintaining a hospital anywhere in India, with atleast one hundred beds of patients, is eligible to claim 100% deduction on any capital expenditure (other than expenditure on land, goodwill or financial instrument) while calculating its taxable income.

The above expenditure can be claimed, subjected to fulfillment of certain conditions. Further, the specified business should commence its operations on or after the first day of April, 2010.

The IT Act provides an investment allowance of 15 per cent on new plant and machinery. The allowance is expected to increase investments in new projects while simultaneously providing tax benefit to the industry.

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[28] PIB release dated 30th August 2013
[29] PIB release dated 03rd September 2013

Besides income tax, the following services are exempt from service tax:

- All health care services by clinical establishments and services by a veterinary clinic in relation to healthcare of animals and birds;
- Services provided to Government, local authority or a Governmental authority by way of carrying out any activity in relation to public health care;
- Services by way of technical testing or analysis of newly developed drugs, including vaccines and herbal remedies on human participants by a clinical research organisation approved to conduct clinical trials by the Drug Controller General of India.

Useful weblinks

Ministry of Health and Family Welfare - http://www.mohfw.nic.in/

Medical council of India - http://www.mciindia.org/

Department of Ayush - http://indianmedicine.nic.in/

Department of Pharmaceuticals - http://pharmaceuticals.gov.in/

Infrastructure and real estate

Overview

As observed by Dr. V.K.R.V. Rao, a noted Indian economist:

"The link between infrastructure and economic development is not a once and for all affair. It is a continuous process; and progress in development has to be preceded, accompanied, and followed by progress in infrastructure, if we are to fulfill our declared objectives of generating a self-accelerating process of economic development".

The infrastructure sector primarily consists of roads, electricity, railways, ports and airports, storage facilities, telecommunications, irrigation and oil & gas and water supply. The Central Government focuses on development of national highways, whereas the State Government focuses on development of roads and urban infrastructure.

The total investment in the infrastructure sector during the Twelfth Five Year Plan is estimated at USD 1 trillion, which is nearly double of that made during the Eleventh Five Year Plan. Out of this, 50% is expected from the private sector in the form of debt and equity. The infrastructure sector's GDP contribution is planned for an increase to 9% by the end of the Twelfth Five Year Plan[30]. The Government encourages Private Sector investments to boost India's infrastructure through PPP. The Government had announced Infrastructure Debt Funds (IDFs) to source long term debt for infrastructure projects.

[30] Planning commission's fifth five year plan Volume I

FDI regulations

India has liberalised the FDI norms in infrastructure sector. Apart from Aviation, 100 per cent FDI under the automatic route is now permitted in all the infrastructure sectors. Therefore, prior approval is required only for a few sectors.

The FDI norms can be broadly furnished as under:

Sector	FDI
Roads/ Highways	100 per cent under automatic route
Ports	100 per cent under automatic route
Airports	• 100 per cent for existing airports (FIPB approval for FDI beyond 74 per cent) • 100 per cent FDI for greenfield airports under automatic route • 49 per cent FDI is permissible in domestic airlines under automatic route, but not by foreign airline companies. However, 100% ownership by NRIs is permitted.
Railways	100 per cent FDI is permitted in railway infrastructure under automatic route[31]

Currently, 100% FDI is permitted through the automatic route in the construction development sector which includes townships, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level built-up infrastructure. The DIPP has moved a cabinet note seeking relaxation of riders on FDI in the construction development sector like - minimum area, minimum capital requirement, lock-in period for housing and townships and permitting FDI in railway infrastructure. The main objective of relaxing the provisions is to attract more FDI and provide houses at affordable prices to people. However, FDI in real estate is not permitted.

Government Initiatives on Infrastructure

- The Cabinet Committee of Infrastructure (CCI) was formed in 2009 to decide on the approvals for proposals exceeding ₹1500 million[32]. The CCI approves and reviews policies and monitors implementation of projects across infrastructure sectors;
- To simplify the appraisal and reduce the approval time for PPP projects, the Public Private Partnership Appraisal Committee was formed in 2006;
- To meet the finance needs of PPP projects, the Government has launched Viability Gap Funding Scheme. Through this scheme, the Government makes a one-time or deferred investment up to 40 per cent (of which, up to 20 per cent comes from the Central Government and 20 per cent from the State Government and associated Ministries) to make the projects commercially viable;
- The PPP website (http://pppinindia.com/) is a one stop site for all information relating to PPP initiatives in India. The site carries a link to database on PPP projects in India as well as all policy issues on PPP projects. It indicates the status of the proposals received by the PPP cells under the Viability Gap Funding Scheme and PPP Appraisal Committee;
- India Infrastructure Finance Company Limited (IIFCL) has been set up to play a catalytic role in the infrastructure sector by providing long-term debt for financing infrastructure projects in India. IIFCL raises funds from domestic as well as external markets on the basis of Government guarantees. Union Budget 2013 provides that IIFCL will offer credit enhancement to infrastructure companies that wish to access the bond market to tap long term funds;
- A corpus fund “India Infrastructure Project Development Fund” is being set up to provide financial support for quality project development activities to States and Central Ministries;

[31] Cabinet note – not part of the FDI Policy
[32] PIB press release dated 11th July 2009

- The corpus of Rural Infrastructure Development Funds is proposed to be raised to ₹200,000 million for Financial year 2013-14 from ₹180,000 million in Financial year 2012-13;
- A sum of ₹50,000 million will be allotted to finance construction of warehouses, godowns, silos and cold storage units to store agricultural produce.

Government Initiatives on Real estate

- The RBI has relaxed norms to raise funds through external commercial borrowings (ECB) for low-cost affordable housing projects (subject to approval). Now, developers and builders with three years of experience (as compared to five years earlier) in undertaking residential projects along with good track record and necessary clearances from authorities are eligible to raise funds through the ECB route. However, such ECB will not be permitted for acquisition of land. RBI has also relaxed the minimum paid-up capital norm for housing finance companies to raise funds through ECBs;
- The Ministry of Housing & Urban Poverty Alleviation proposed to introduce a single-window system for clearance of all real estate projects across the country. This could bring down the average approval time from the current 196 days to 45-60 days;
- The Government has also introduced the Real Estate Regulation Bill 2013 in the Parliament. The Bill aims at restoring confidence of the general public in the real estate sector by infusing transparency. It provides mandatory Public Disclosure of all projects with specified functions and duties of promoter. The Bill also provides for establishment of Real Estate Regulatory Authority and Appellate Tribunal for a speedier dispute resolution;
- SEBI is evaluating a proposal to allow Real Estate Investment Trusts (REIT's) in India to attract investments to the country's realty sector. This will create opportunities for developers to exit commercial real estate projects and will create a new investment vehicle through which smaller investors can gain exposure to income generating real estate assets.

Tax incentives

- To attract foreign funds, the rate of withholding income tax on interest payments on the borrowings of IDF has been reduced from 20% to 5%. Further, the income of infrastructure debt funds is exempt from income tax;
- Profits earned by an Indian company involved in the business of developing and /or maintaining and/or providing infrastructure facility such as roadways, bridges, sea ports, rail system, highway projects, water supply highway project, water supply management) is eligible for 100 % deduction under the IT Act. This deduction is available only for ten consecutive years from the initial year chosen by the enterprise. In case of any amalgamation, this benefit (tax holiday) could be continued only if both the companies are Indian companies;
- Enterprises engaged in developing SEZ/ technology parks can avail income tax deduction of 100% of the profits earned by the enterprise for 10 consecutive years out of the 15 years beginning from the year in which the SEZ has been notified. Further, on transfer of the enterprise, this tax holiday could be carried over by the transferee for the remaining period;
- Services by way of access to road or bridge on payment of toll and services by way of renting of residential dwelling for use as residence are not liable to Service tax;

- The following services are exempt from service tax:
  - Services provided to Government/ local authority/Governmental authority for erection, construction, commissioning, repair, maintenance, renovation or alteration of civil structure, residential complex, public road, bridges, tunnels, canals, dams, irrigation works, water supply/sewage or structure meant predominantly for use as educational, clinical, art or cultural establishment;
  - Erection, Construction, Commissioning or installation of original works pertaining to an airport, port or railways (including monorail or metro), post-harvest storage infrastructure for agricultural produce including cold storages;
  - Services by way of construction, erection, commissioning or installation of original works pertaining to low-cost houses up to carpet area of 60 sq. meters per house in a housing project approved by competent authority empowered under the 'Scheme of Affordable Housing in Partnership'.

Useful weblinks

Secretariat for PPP & Infrastructure - www.infrastructure.gov.in

Ministry for Road Transport and Highways - www.morth.nic.in

Ministry of Housing and urban Poverty Alleviation - www.mhupa.gov.in

Research and Development ("R & D")

Overview

Research and Development, according to the Organisation for Economic Co-operation and Development, refers to "creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications".

This R&D sector covers atmospheric, earth, life, health, plant, physical, engineering, chemical and mathematical sciences and advanced sciences like nano and geo sciences.

According to the latest official statistics[33], the present level of spending as percentage of GDP towards R&D in the country is around 0.9%. The national R&D expenditure as percentage of GDP has increased over a decade from 0.67% to 0.87%. The Government intends to raise the spending to be raised to 2 per cent of GDP to match other developed and emerging economies.

R & D Centres

Huge incentives and allocation for R&D and specialised manpower makes India a suitable place to set up R&D units across sectors. There are around 1,031 MNC R&D centres in India, compared to 806 at the end of 2007[34].

According to newspaper reports, MNC captive centres in India, along with Indian providers of engineering R&D outsourcing, account for about 23% of the overall global engineering R&D outsourcing market. The NASSCOM expects the Indian Engineering Research and Development industry to triple from the current size of USD 10-11 billion by 2020.

[33] PIB release dated 12 August 2013
[34] Zinnov's report

The Government has introduced several schemes to strengthen the academics and industry interface in the field of science. The programmes of some of the key Government departments/institutions which engage Universities/IITs, R&D institutions and industry are listed below:

S. No.	Department/ Organisation	Scheme/ Programme
1.	Department of Scientific & Industrial Research	• Patent Acquisition, Collaborative Research and Technology Development • "Open Source Drug Discovery Programme focused at Tuberculosis" has emerged as a new platform for innovation in the domain of affordable healthcare
2.	Council of Scientific & Industrial Research	New Millennium Indian Technology Leadership Initiative
3.	Department of Science & Technology	Drugs & Pharmaceuticals Research Programme
4.	Department of Biotechnology	• Biotechnology Industry Partnership Programme • Small Business Innovation Research Initiative • Contract Research Scheme
5.	Indian Council of Medical Research	Programme for development of TB Diagnostics & H1N1 Vaccines
6.	Indian Space Research Organisation	RESPOND (Sponsored Research and Development Programme in the area of space technology)
7.	Ministry of New and Renewable Energy	Programme for Research, Design and Development in New and Renewable Energy

Enhancing manpower skills to enable R&D

- According to the Ministry of Human Resource Development Annual Report 2011-12, India has 40 central universities, 45 technical institutes, 13 management institutes, 4 information technology institute, 6 science and research institutes, 3 planning and architecture institutes, and 4 training institutions;
- The Universities for Research & Innovation Bill, 2012 was introduced in 2012, which provides for establishment and incorporation of Universities for Research and Innovation, which would work towards making India a global knowledge hub. A Committee has been set up to provide the modalities for establishment of Universities for Research and Innovation and suggest a road-map for establishment of such universities by reputed promoters;
- Through Innovation in Science Pursuit for Inspired Research, the Government is looking at attracting deserving talented youth into the R&D sector;
- "Fund for Infrastructure Strengthening of Science and Technology" has supported more than 1500 departments and about 150 colleges in the country to strengthen Science and Technology infrastructure.

International associations

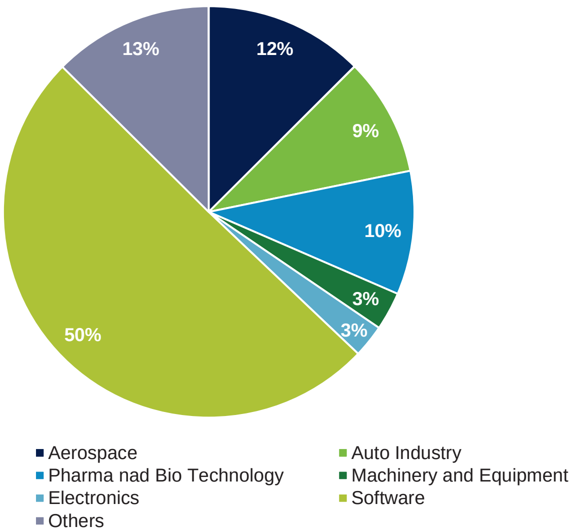
- India has entered into bilateral cooperation arrangements with various countries to establish virtual based R&D centres and research in advanced areas like nano sciences and geospace;
- The Indian and Australian scientists jointly aim to launch innovative research projects under the Australia-India Strategic Research Fund, which has received ₹281 million (USD 4.53 million) from the Government of Australia. The Government of India will fund the Indian teams' participation. Indo-Australian scientists will undertake an in-depth study using robotic tools to assess the changing features of the Indian Ocean;
- UK Trade & Investment and the Association of Biotech Led Enterprises signed a Memorandum of Understanding (MoU) to encourage and develop collaborative opportunities between Indian Life Sciences Organisations and the UK;
- The Ministry of Science & Technology and RIKEN, Japan's largest research organisation, have signed MOUs for Launching Joint Research programs in the fields of biology, life sciences and material sciences.

FDI regulations

Innovation and R&D are becoming the focus of India's growth. India was ranked seventh globally in terms of R&D investments in 2012 and is expected to retain the position. R&D investments are expected to increase to USD 45.2 billion in 2013 from USD 38 billion in 2011[35]. The FDI inflow has increased from USD 56 million in 2010-11 to USD 103 million in 2011-12, as per RBI report.

FDI is permitted up to 100% under the automatic route in existing and new industrial parks. The coverage has been expanded to specifically include research and development in bio-technology, pharmaceutical, life sciences, natural sciences and engineering.

Relative Sectoral Share of FDI in R&D



The flow of foreign R&D is mainly concentrated in areas such as electronics and telecommunication, software & hardware development, auto design, drug design, product design and pharmaceuticals. Most of the R&D centres are off shore units of the giant overseas companies. These research centres not only cater to the domestic requirements but also to international demands.

[35] http://www.ibef.org/industry/research-development-india.aspx

Government Initiatives

- The Government has established Science and Engineering Research Board to enhance the funding level of basic research and also impart the necessary autonomy, flexibility and speed in shaping the research programmes and delivery of funds to researchers;
- The State Government of Karnataka has introduced two polices to promote R&D in Karnataka. These are Karnataka Industrial Policy 2009-14 which grant benefits to centres that provide R & D Services and Karnataka Millennium Biotech Policy II, 2009, which grants benefits to companies in the sector of biotechnology. Through these policies, the State offers various incentives such as investment promotion subsidy, exemption from stamp duty, concessional registration charges for loan documents and sale deeds, 100% exemption from entry tax on plant, machinery, capital goods, raw materials, consumables and component parts, interest subsidy on term loans and technological upgradation loans at 5% and exemption from electricity duty;
- The State Government of Tamil Nadu has introduced Tamil Nadu Industrial Policy, 2007, which will benefit the developers of high technology stand-alone industrial R&D centres through 100% exemption from entry tax on works contract and input taxes from the date of notifying such a centre as an approved infrastructure project till the project is commissioned. Further, industrial infrastructure subsidy of ₹20 million would be granted for approved infrastructure projects involving investment of ₹3,000 million in 3 years. In order to speed up the setting-up process, there is a single widow clearance facility for such centres. Further, 50% of the cost of filing a patent or ₹0.2 million whichever is less, would be provided by the State Government for innovations capable of industrial application;
- The State Government of Andhra Pradesh has introduced Andhra Pradesh Information & Communications Technology (ICT) Policy 2010-15 and other policies to encourage R & D. Some of the key features of the ICT Policy cover allotment of Government land (subject to conditions prescribed in the policy), reimbursement of stamp duty (capped at certain limits), admissibility of industrial power category tariff, power subsidy, recruitment assistance, reimbursement of patent filing costs etc.;
- Gujarat Agro Industrial Policy 2000 read with the Biotechnology Policy 2007-12 provides assistance to agro- industries for carrying out sponsored research (50% of cost with a ceiling of ₹2 million). Besides this, assistance is also provided for meeting the expenses related to patent registration;
- The Government spend has been playing a vital role in improving R&D in India. The Indian Government has proposed to allocate funds to the following areas[36]:
  - 47,270 million for research in medical sciences
  - 62,750 million to the Ministry of Science and Technology
  - 56,150 million to the Department of Space and
  - 58,800 million to the Department of Atomic Energy
  - 2,000 million to develop innovative products that brings science and technology to the common man
- The Government has also announced the Science, Technology and Innovation Policy 2013 and has proposed to increase the gross expenditure on R&D to 2 per cent of GDP from the current level of less than 1 per cent.

[36] Union budget 2013-14

Tax incentives

- Expenditure related to R & D in India and contributions to the institutions that carry out R&D in India are eligible for weighted deduction. Similarly capital expenditure incurred is also eligible for deduction in the year of expenditure. This can be explained as under:

Eligible mode	Incentives
Industries with in-house R&D centres	Exemption is available for revenue and capital expenditure incurred on R&D under the IT Act.
Contribution to eligible institutions such as National Laboratories, Indian Institute of Technology (IIT) or to any other specified person to carry out research programmes	A weighted income tax deduction of 200% of the expenditure incurred
Companies engaged in eligible business and having an in- house R&D centre	A weighted income tax deduction of 200% for both capital (excluding cost of land and building) and revenue expenditure incurred on scientific research and development
Investments on plants and machinery used for manufacture based on indigenous technology[37]	Accelerated depreciation allowance at 40 per cent of the written down value under the IT Act.
Any contribution made to; • **Company, whose main object is scientific research and development** • **University, college or institution association for social science and statistical research** • **Research associations /institutions / colleges, to be used for scientific research** • **National Laboratory, IIT University or Specified person**	A weighted tax deduction of 125% to 175% on contributions made to these institutions
Goods produced in a technical, educational and research institute	Exemption from excise duty on goods produced in a technical, educational and research institute during the course of imparting technical training or in the course of carrying out experiments or research, subject to specified conditions

[37] Technology developed or approved by the Department of Scientific and Industrial Research

Goods supplied to specified research Institute	Exemption from excise duty in case of goods supplied to specific Institutes, subject to specified conditions
Goods designed and developed by public funded research institutions, national laboratories and universities and manufactured by an Indian Company	Exemption from excise duty, special excise duty, and additional duty of excise on specified goods, subject to specified conditions
Specified equipment, instruments, raw materials, components, pilot plant and computer software for R&D projects	Conditional exemption from whole of the duty of customs, including CVD and SAD

Service tax exemption is available on services involving import of technology, equivalent to R&D cess payable on the import of technology, subject to conditions.

Useful weblinks

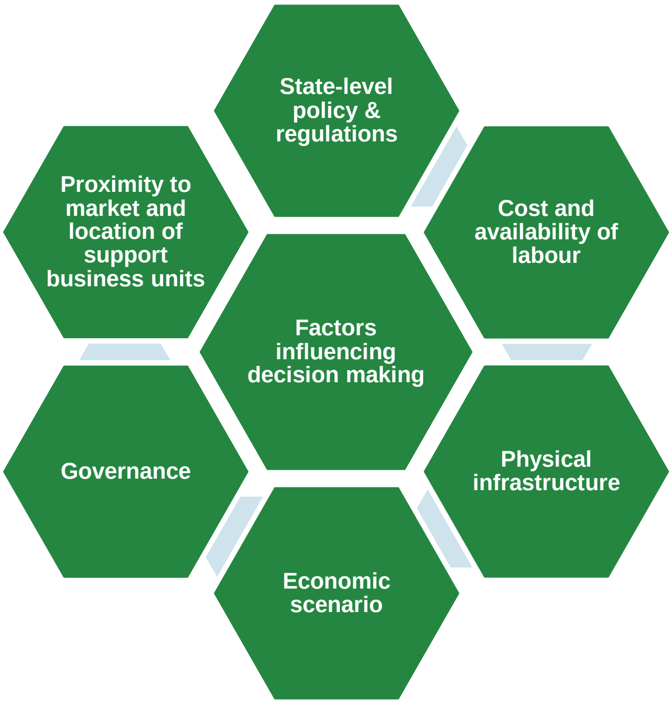
Department of science and technology - http://www.dst.gov.in/

Department of Scientific and Industrial Research – www.dsir.gov.in

Department of Biotechnology - http://dbtindia.nic.in/index.asp

Cost of doing business in India

Setting up of business in India



Identifying the right structure is crucial and therefore it is imperative that a business structure is put in place after considerable thought and deliberation. A business enterprise can be owned and organised in several forms, the most common being:

- Sole Proprietorship;
- Partnership;
- Limited Liability Partnership;
- Private Limited Company; and,
- Public Limited Company.

The new Companies Act, 2013 effective 12 September 2013 is partially in force. However, the rules are yet to be notified. This Act provides for another form of business organisation namely, “One Person Company” for carrying on business with limited liability.

Additionally, an investor has to take a few approvals, which differ based on the business and the decision to operate independently/under a ready-to-use business environment.

Approvals required before and after construction

Stage	Procedure		Concerned authority	Tentative timeframe
Pre - Construction	Land Allotment	Application for land	State Industrial Development Corporations	4 to 8 weeks
	Construction	Building plan, commencement and occupancy certificate	State Industrial Development Corporations / Local authorities	4 to 8 weeks
	Pollution	Consent to establish	Pollution Control Board (State)	4 to 8 weeks
	Water Connection	Grant of water connection	State Industrial Development Corporations	4 to 8 weeks
	Power Connection	Application for power connection	State Electricity Board	4 to 8 weeks
In parallel and post construction	Construction	Building completion certificate , drainage completion certificate, tree plantation certificate, fire safety approval	State Industrial Development Corporations, Town Planning Authority	4 to 8 weeks
	Pollution (post construction)	Consent to Operate	Pollution Control Board	4 to 8 weeks
	Workforce	Registration for medical insurance	Employees' State Insurance Corporation	4 to 8 weeks
	Labour welfare related	Application for registration of establishments employing contract labour and shop act license	Dy. Commissioner of labour of respective district	4 to 8 weeks
	Permission from PESO	Permission for storage of Diesel, Natural Gas and Nitrogen	Petroleum and Explosives Safety Organisation (PESO)	4 to 8 weeks
	Unit registration	Industrial Entrepreneurs Memorandum (IEM) filling	Secretariat of Industrial Assistance , GoI	4 to 8 weeks
	Tax	Obtain a Permanent Account number (PAN) and Tax account number (TAN)	Income Tax Department, GoI	4 to 8 weeks
		Registration for Professional tax and Value added Tax(VAT)	Sales Tax Department, GoM	4 to 8 weeks

Registering the business

A sole proprietorship or partnership firm requires no registration formalities. However, the owner may have to obtain a license from the local administration for starting his business.

A company form of business needs to be registered with Registrar of Companies. The registration and related procedures for incorporation of company can be done electronically through a single portal and is popularly referred as MCA website. The web link to access the website is *http://www.mca.gov.in/MCA21/*.

Procedures	Cost (₹)
Apply for Director Identification Number (for the directors of the proposed company)	100
Digital signature for submitting the documents into the portal (The cost may vary depending on the certification agency and its validity period)	1,245
Apply online to check the availability of name for the proposed company	500
Draft memorandum and articles of the company (A company specific document defining the objective and purpose behind the formation)	The cost for drafting would vary based on the consultant/ attorney one engages to draft the documents
e-Stamp the above documents with appropriate stamp duty in MCA website (Stamp duty can be paid online in a secure mode and the cost differs based on the State in which the company is proposed to be incorporated)	The stamp duty could be a percentage of authorised capital or a fixed rate
Register the company after payment of fees to the Registrar of companies (The fee is scaled according to the authorised share capital)	The fees is 4,000 for a capital of 100,000 and 16,000 for a capital of 500,000

In addition to the above, a public limited company has to obtain certificate of commencement certificate after its incorporation.

Minimum capital requirement

As per the current regulations, a private limited company requires a minimum capital of ₹100,000 whereas a public limited company needs to have a minimum capital of ₹500,000. No requirement of minimum capital contribution for a sole proprietorship, partnership and LLP business.

Labour market in India

Availability of labour

Labour is at the crux of any industry – be it traditional or advanced.

India is one of the few countries where the working age population will be far in excess of those dependent on them. A study conducted by United States Census Bureau and Boston Consulting Group has estimated that the world will have shortage of approximately 56.5 million skilled manpower by 2020, whereas, India will have surplus of approximately 47 million[38].

As per the results of a survey conducted by National Sample Survey Office (NSSO) during 2009-10, the youth work force in India would be about 141 million which would constitute around 30% of India's total work force. Only six lakh persons including youth emigrate annually. Therefore, ample youth workforce is available at the disposal of industries that want to setup or expand their operations in India. It is not enough to have working population; the youth have to receive quality education and training to develop as a skilled workforce.

The importance of education in India was recognised by the founding fathers of the country and the subsequent Governments, and as a result considerable importance has been given to literacy, school enrolment, institutions for higher education and technical education over the decades ever since independence. As a result, from around the turn of the century, increasing attention has also been paid to quality and excellence in higher education. As per Population Census of India 2011, the literacy rate of India has shown an improvement of almost 9% in the last 10 years and the country is 25.96% short of 100% literacy.

Literacy and population data[39]

S No.	State	Literacy rate (Quality of labour)	Population (Availability of labour)
1	**Assam**	73.2%	26,657,965
2	**Bihar**	63.8%	85,222,408
3	**Gujarat**	79.3%	52,889,452
4	**Haryana**	76.6%	22,055,357
5	**Jharkhand**	67.6%	27,728,656
6	**Karnataka**	75.6%	54,274,903
7	**Kerala**	93.9%	30,065,430
8	**Maharashtra**	82.9%	99,524,597
9	**Odisha**	73.5%	36,911,708
10	**Punjab**	76.7%	24,762,666
11	**Rajasthan**	67.1%	58,116,096
12	**Tamil Nadu**	80.3%	65,244,137

[38] PIB report dated 04th March 2013
[39] www.censusindia.gov.in

Cost of labour

The cost of living in India is low compared to developed countries like the US and the UK. This enables multinational companies offer their products at a competitive rates in the global market without compromising on the quality. The salary/wage rate in India varies between industry and functions. Even with an industry/function, the salary will not be common across States as salary is also influenced by the cost of living in each State.

Cost of living in major cities in India[40]

City	Consumer Price Index	Local Purchasing Power Index
Mumbai	31.35	47.63
Delhi	29.60	61.25
Bangalore	28.20	74.43
Ahmedabad	26.82	60.00
Pune	27.74	77.59
Chennai	26.81	64.00
Jaipur	26.30	63.76
Kolkata	26.29	61.24
Kochi	25.58	52.37
Hyderabad	25.46	76.20

Range of minimum wage for workers:

A business is free to fix the wage rate according to the price level and skill set. Nevertheless, to ensure that the workers are compensated at reasonable rates, the State Governments fix minimum wages to protect the unskilled labourers.

State	in ₹ per day [41]
Assam	66.50 - 120.50
Bihar	151 – 243
Gujarat	100 - 291.30
Haryana	186.42 - 216.04
Jharkhand	145.54 – 218.88
Karnataka	130.95 – 225.62
Kerala	154 – 484
Maharashtra	100- 278.31
Odisha	150 – 205
Punjab	164.06 – 209.18
Rajasthan	166 – 236
Tamil Nadu	81.91-238.48

[40] www.numbeo.com
[41] www.labour.nic.in

With a view to reduce disparity, the concept of National Floor Level Minimum Wages has been introduced by the Central Government. The State Governments have been advised that the minimum wages in their respective States should be fixed in such a way that it does not fall below the floor level. The Central Government has recently proposed to hike the floor level to ₹ 135 per day from the existing ₹ 115 per day.

India and State infrastructure

Land is a State subject in India. Therefore, the policies and procedures for acquisition of land and construction of property differ from State to State. Further, land being of prime importance for setting up of any enterprise, the decision would also involve finalising the city based on factors like budgeted outlay and labour demand/supply.

With a view to attract larger foreign investments and encourage exports, the Government had promoted SEZs. SEZs provide good infrastructure for the companies to operate in the identified region and tax concessions.

Recently, the Government has started setting up ITIRs which could be described as an SEZ in larger size with more facilities. ITIRs are intended to promote investment in IT/ITES and electronics manufacturing sector. Towards this, the Central Government provides support system through national highways/rail networks and the State arranges for the roadways, electricity, water supply and sewage system[42].

Development of industrial corridors is another initiative to network the industrial cities with required infrastructure. Presently work has started on the Delhi –Mumbai Industrial Corridor (DMIC) that covers seven industrial cities utilising the 1,483 km long western railway freight corridor[43]. This project will have nine mega industrial zones of about 200-250 sq. km. each, high speed freight lines, three ports, six airports, a six-lane intersection-free expressway connecting the country's political and financial capitals, and a 4,000 MW power plant. The above is expected to provide a plug and play environment for investors.[44] The Government of India is also proposing to develop Chennai – Bengaluru Industrial Corridor and Amritsar - Delhi - Kolkata Industrial Corridor (covering States like Punjab, Haryana, Uttar Pradesh, Uttarakhand, Bihar, Jharkhand and West Bengal). Besides this, 12 National Investment and Manufacturing Zones are coming up in India, which are industrial townships benchmarked to be the best manufacturing hubs in the world.[45]

[42] pib.nic.in – press release dated 20 September 2013
[43] Press release dated 4 March 2013
[44] Press release dated 12 October 2013
[45] Press release dated 20[t]August, 2013

With the above brief background on the general infrastructure scenario in India, the forthcoming pages elaborate the position with respect to OIFC Partner States.

S No	State	Infrastructure
1	**Assam**[46]	**Land:** Assam is the gateway to the north-eastern part of India spread over 78,438 square kilometres. **Road:** Major towns of the State are connected by National Highways covering 2,940 kms. The State Government is considering re-opening the Stilwell Road and connecting to the Bangladesh-China-India-Myanmar corridor. With this road, time taken for exports from Assam to reach Bangkok and Singapore would be significantly reduced[47]. **Railway:** Assam maintains connection with rest of the country through its rail network. The total route length is approximately 2,434km. North-East Frontier Railway operating in the State of Assam has major plans to increase the railway connectivity and improve the existing facilities to facilitate and increase the movement of freight and passengers through railways. The electrification of the main rail track on Barauni-Katihar-Guwahati sector is under progress. Further, to improve the freight movement, rolling stock examination facilities have been created. The Hill Section between Lumding and Badarpur is being converted to broad gauge which will improve transportation of essential commodities, industrial raw materials and final products to & from south Assam[6]. **Airways:** The Lokapriya Gopinath Bordoloi International Airport at Guwahati is 18 km from the city and is well connected to New Delhi, Kolkata, Mumbai and Chennai. There are also regular intrastate air services connecting the six civil airports (Guwahati, Tezpur, Jorhat, Silchar, Dibrugarh and Lakhimpur) of the State[48]. The Government has also proposed a Greenfield project at Kokrajhar. **Inland waterways and ports:** Assam's major river routes are the Brahmaputra and the Barak rivers with a combined navigable length of around 1,000 kms. The river Brahmaputra has been declared as the second National Waterway of the country. Two Government-owned organisations (Central Inland Waterways Corporation and Directorate of Inland Waterways, Assam) operate water transport services on the river Brahmaputra and Barak on a commercial basis. These services are used for transportation of passengers and goods alike[6]. Assam's internal waterway network connects to Bangladesh, giving it access to the ports of Chittagong in Bangladesh and Kolkata & Haldia in West Bengal, India.

[46] http://assamgovt.nic.in/business/industrial_infra.asp
[47] http://investinassam.com/transportation.html
[48] http://online.assam.gov.in/web/guest/introductionofassam

		Industrial Parks: Software Technology Park has been set up at Guwahati and an Export Promotion Industrial Park (EPIP) at Amingaon near Guwahati; Guwahati Biotech Park focusses on healthcare and pharmaceuticals, agro-technology, food processing and bioinformatics; Industrial growth centres are being set up at Balipara (Sonitpur district), Matia (in Goalpara) and Guwahati[49]. The growth centers have approach and internal roads, dedicated power lines, adequate water supply, communication facilities and central effluent treatment plants in addition to facilities such as banks, post office, fire station, police station etc.
2	**Bihar**	**Land:** Bihar has got a total land area of 94,163 sq. km[50]. **Road:** The national highways in Bihar extend to almost 4106 km of which 1,015 km of National Highways is identified for upgradation to Super Highways. A four lane high speed corridor is under construction which will link North-East with the rest of the country. The proposed East-West corridor will facilitate high speed access to Nepal from the ports of West Bengal.[51] **Railway:** Bihar has a railway network covering 3,612 km. An electric locomotive factory at Madhepura and a diesel locomotive factory at Marhaura have been proposed in the State[52]. Over a ten year period, these factories will provide Indian Railways with 800 electric locomotives at par with international standards. **Airways:** The State has an international airport in Bodh Gaya and one domestic airport in Patna. This airport is used for international connectivity with Bangkok (Thailand), Colombo (Sri Lanka), Yangon (Myanmar), Dhaka (Bangladesh), Paro (Bhutan) and Kuala Lumpur (Malaysia). **Inland waterways and ports:** The stretch of river Ganges that flows between Allahabad (Uttar Pradesh) and Haldia (West Bengal) has been declared as ‘National Waterway 1’. This waterway is used for cargo transport between Haldia and Patna. The Amritsar - Delhi - Kolkata Industrial Corridor shall leverage the Inland Waterway System that is being developed along the National Waterway - 1 which extends from Allahabad to Haldia[53]. **Industrial Parks:** The State provides facilities to private industrial parks at par with the Bihar Industrial Area Development Authority’s industrial parks. This facility will be accorded after scrutiny of necessary documents. Such industrial area will

[49] http://aiidcassam.in/industrial%20growth%20centre.htm
[50] http://gov.bih.nic.in/Profile/default.htm
[51] http://rcd.bih.nic.in/
[52] PIB release dated 1st May 2013
[53] http://pmindia.nic.in

		be exempted from stamp duties, other registration fees and payment for land use conversion.[54] The State has also decided to acquire about 4,550 acres, to be used for setting up seven new industrial parks[55] in districts like Nalanda, Bhagalpur, Buxar, Lakhisarai, Banka, Madhepura and Begusarai districts.
3	**Gujarat[56]**	**Land:** Gujarat is spread over 196,024 sq.km **Road:** The national highway in the State spreads across 4032 km. Around 37% of the proposed DMIC will be in this State. **Railway:** Gujarat has a railway network covering 5,271 km. The State would have a Metro cum regional rail system which would connect the cities of Gandhi Nagar and Ahmedabad. Further, the Government is proposing to set up a regional rail system in Ahmedabad to ensure connectivity of satellite townships with work places. The State is also planning for a high speed passenger rail corridor connecting Pune, Mumbai and Ahmedabad.[57] **Airways:** The State has one International Airport, six Domestic Airports and six Air-strips. **Inland waterways and ports:** Gujarat has 1600 km long coastline, representing third of the nation's water front. Kandla port is India's biggest cargo handler by volume. The State has 41 minor and intermediate ports. **Industrial Parks:** The State has one Petrochemical and Petroleum Investment Region and 30 notified Special Economic Zones; It has 27 private parks out of which 14 are multiproduct industrial parks and 10 are textile parks. The State offers financial assistance up to ₹100 million to industrial parks/estates set up by private institutions. Presently 20 parks are awaiting approval under this scheme. 13 Special Investment Regions of more than 100 sq. km each have been developed in the State, out of which 7 have been notified[58]. A mega industrial park spread over 3,000 hectares is presently being developed in Dholera Special Investment Region; Gujarat Industrial Development Corporation has so far developed 184 estates on approx. 32,000 hectares of land. The Corporation is now developing 11 special investment regions to build an eco-system for investment in the State.

[54] http://www.udyogmitrabihar.com/bihar-to-give-more-facilities-to-private-industrial-parks/
[55] www.businessstandard.com
[56] http://www.vibrantgujarat.com/strategic-location.htm
[57] http://www.vibrantgujarat.com/images/pdf/Large-Project-Opportunities-Sector-Profile.pdf
[58] www.vibrantgujarat.com

4	**Haryana**	**Land:** Haryana extends to about 44,212 sq.km **Road:** There are around 11 National Highways in the State stretching across 1633 km; 4-laning of 'Rohtak Hissar' section of National Highway has been approved and the expected length of the road will be 98.81 km. This project will improve the infrastructure in the State and reduce the time and cost for traffic[59]; The proposed Western and Eastern Peripheral Expressways of the National Capital Region (NCR) of Delhi will also increase the connectivity of road network. **Railway:** As at March 2012, Haryana had rail route covering 1,540 km. The Delhi Metro, a rapid transit system, has connectivity with Gurgaon. Also the rapid transit system of Gurgaon is scheduled to be completed by end of 2013, having access to six stations within the city. **Airports:** There is a domestic airport at Chandigarh. The State Government intends to set up three airports – two for domestic flights in Karnal and Hisar and one for International Cargo and aircraft maintenance at Rohtak; The Government intends to set up an international cargo airport in NCR. **Industrial Parks:** Haryana State Industrial & Infrastructure Development Corporation develops and provides industrial plots/sheds at reasonable and competitive rates; There are 35 notified SEZs in Haryana; The proposed DMIC will provide a sound infrastructure system to the State.
5	**Jharkhand**	**Land:** Jharkhand has a total land availability of 79,714 sq.km **Road:** The length of the National highways of the State extends to 2,170 km[60]. A 4-lane Highway between Hazaribagh and Baharagoda (Jamshedpur) measuring 333 kms is under construction.[61] This is expected to reduce the time and cost of travel. **Railway:** The State has extensive and well developed railway system providing vital links to mining industry and tourism with important cities and ports of the country.

[59] PIB release dated 18 March 2013
[60] www.jharkhand.gov.in
[61] http://jharkhandindustry.gov.in/infrastructure_RN.htm

		The total length of the Railway route in the State is about 1984 kms. The State has extensive goods handling facilities at Ranchi, Bokaro, Dhanbad and Jamshedpur. Railways are executing six projects (five new line and one gauge conversion project) with the State[62]. Government's outlay for construction of new tracks, electrification etc. is expected to extend the railway network by 1,507 km [63]. **Airways:**[64] Ranchi, the capital of the State, has a domestic airport well connected with other State capitals. Towns such as, Jamshedpur, Dhanbad, Bokaro, Giridih, Deoghar, Hazaribagh, Daltonganj, Noamundi have air strips. A new airport is proposed in Deoghar**.**[65] **Industrial Parks:** [66] The State has got one notified SEZ formally approved for automotive industry. 50% of cost upto a maximum of ₹100 million, incurred on development of common infrastructure of bio-tech park (among other industries) and private industrial area will be borne by the State. Besides this, the State reimburses 50% of registration fee of land of few industrial parks and private industrial area / estate[67]; The Government of Jharkhand has announced several policies to allocate industrial areas and lands to entrepreneurs for setting up their industrial units on lease of 30 years on annual rent with the facility of further renewal[25]; A one-time benefit up to a maximum of ₹2.5 million is provided as recruitment incentive to IT-ITES units (₹0.25 million per 50 people). The Government also provides rebate in the cost of land allotted to an IT Industry at the rate of 0.25% of the cost of land per job created subject to certain conditions; Mega Growth Centre at Barhi, Hazaribag is identified to improve infrastructure facilities. Further, mini growth centres are being developed to boost specialized activities like bio-tech, food processing, science, chemicals, textile, electronics etc.
6	**Karnataka**	**Land:** Karnataka has a total land availability of about 191,791 sq.km **Road:** The national highways in the State extend to 4,396 km68. The State has taken up widening and up-gradation of State highways for a length of 1,055 Km, out of which a length of 601 km has been completed.[69]

[62] PIB report dated 14February 2012
[63] www.jharkhandstatenews.com
[64] www.jharkhand.gov.in
[65] PIB release dated 6 August 2013
[66] www.jharkhandindustry.gov.in
[67] http://jharkhandindustry.gov.in/INCENTIVES%20AND%20CONCESSIONS.htm
[68] http://www.nhai.org
[69] http://www.krdcl.in/index.html

		The Central Government has also approved a road project for about 150 km which is expected to improve connectivity with the neighbouring State, Kerala; The Government has approved commencement of Chennai-Bengaluru Industrial Corridor and Bengaluru-Mumbai Economic Corridor which are expected to improve the State's infrastructure. **Railway:** The total railway network in Karnataka is around 3,073 km. Metro rail projects is underway in Bangalore. Recently, Phase-1 of the Bengaluru Metro Rail Project is completed and Phase-2 is under implementation. Further various railway projects in the State are on fast track for completion of about 357km. **Airways:** Karnataka has five domestic airports at Bengaluru, Belgaum, Mangalore, Mysore and Hubli. Smaller airports are coming up at Hassan, Bellary and Gulbarga. **Inland Waterways and Ports:** Mangalore is a major port, though there are 10 other minor ports[70]. **Industrial Parks:** 40 notified SEZ's - prominent SEZs in Bangalore include big players like Biocon, HCL, Infosys, Suzlon, WIPRO; Growth centres are located at Dharwad, Hassan and Raichur. Besides this, the States has 5 mini growth centres; The State, so far has developed 141 industrial areas in 28 districts; Karnataka i^4 (IT, ITES, Innovation Incentives) policy provides employment linked incentivisation, concessional power tariff, exemption from stamp duty to IT/ITES/innovation-based industries.
7	**Kerala**	**Land:** Kerala is spread over 38,863 sq.km of area. **Road:** The State has eight major National Highways spreading across 1,457 km which connects it to the rest of India[71]. Kerala's road density is 417 km/100 sq km and it is far ahead of the national average of 10.39 km/100 sq km. The length of road per lakh population is 509.23 km which is much higher than the national average of 321.3 km.[72]

[70] www.karnatakaports.in
[71] www.tourism.gov.in
[72] http://www.emergingkerala2012.org/basic.php

		Railway: The State has a total railway route of 1,257 Kms and covers 13 railway routes[73]. The proposed Kochi Metro Rail project is an urban transport system for the city of Kochi, aiming to facilitate rapid and easy passenger movement. Besides this, projects such as rail coach factory and high speed rail corridor are in progress. **Airways:** The State has three international airports – Thiruvananthapuram, Kochi and Kozhikode. One more international airport is under construction (at Kannur). **Ports:** Kerala has a coastline of 585 km, with one major port at Kochi and 17 minor and intermediate ports. The Kochi port also has an International Container Trans-shipment Terminal which is the first of its kind in India and the first container terminal to operate in an SEZ.[74] This terminal is located close to the international shipping route to Europe, far East and Australia. **Industrial Parks:** The State has 24 notified SEZs (including Technopark and Infopark which cater to the IT/ITES industry). Further, it has a bio-technology park (Kochi) and life sciences park (Trivandrum); The Central Government had approved construction of Kochi – Palakkad National Investment & Manufacturing Zone (NIMZ). This project emphasises on expanding the manufacturing & service base of the State and develop the region as a manufacturing and trading hub[75].
8	**Maharashtra**	**Land:** The State of Maharashtra covers an area of 307,713 sq.km. **Road:** The State consists of 4,396 km of National Highways and 34,157 km of State Highways. It has a six-lane dual carriage expressway connecting Mumbai with Pune. **Railway:** Maharashtra's railway network encompasses 5602 km The Central Government had announced establishing of the Dedicated Freight Corridor between Delhi and Mumbai, covering an overall length of 1,483 km. The high speed rail connectivity is expected to reduce the goods transit time drastically. **Airways:** There are three international (Mumbai, Pune and Nagpur) and five domestic airports. The State is also developing various non-metro airports including Amravati, Solapur and Shirdi. Additional airports are also proposed in Navi Mumbai and Pune.

[73] http://www.kerenvis.nic.in/Database/INFRASTRUCTURE_812.aspx
[74] http://www.igtpl.com/
[75] PIB release dated 12-August-2013

		Ports: Besides the major ports in Mumbai, the State also has 53 minor ports. **Industrial Parks:** Maharashtra Industrial Development Corporation is the nodal agency responsible for development of industrial infrastructure in the State. The agency has built more than 227 industrial complexes for various sectors. There are over 66 industrial clusters in Maharashtra with the auto, pharmaceutical and textile clusters being predominant. The automobile and auto component clusters are in Pune, Aurangabad, Nashik and Nagpur. Some of the major players in the State are Audi, Bharat Forge, Daimler, Mahindra & Mahindra, Skoda and Tata Motors. Maharashtra also has 65 notified SEZs, 37 public IT parks and 451 private IT parks.
9	**Odisha**[76]	**Land:** Odisha extends to about 155,707 sq.km. **Road:** The State is well connected with the neighbouring States and other parts of the Country through 15 national highways distributed across 3,704 km. 4-laning of the road in Sambalpur-Rourkela route and 6-laning of Chandikhole-Pradeep section is being approved.[77] **Railway:** 2,461 km of railway network and the routes pass through 23 districts of the State. **Airways:** One domestic airport at Bhubaneswar is now approved as an international airport[78]; The State Government has proposed to develop green field airports in Rayagada, Paradip, Dhamara, Angul and Kalinganagar to boost civil aviation facilities. **Inland waterways and ports:** Odisha is a maritime State which has 480 km long coastline. Paradeep is the major port of the State that has 14 potential sites for development of minor ports. The Paradeep port is well equipped to handle cargo with a capacity of 80 million tonnes[79]. **Industrial Parks:** Odisha Industrial Infrastructure Development Corporation (IDCO) is the nodal agency in the State for creation of infrastructure facilities in identified Industrial Estates / Industrial Areas;

[76] Investor guide – Government of Odisha
[77] PIB report dated 23 March 2012
[78] PIB release dated 30 October 2013
[79] www.odisha.gov.in

		The State has ten approved SEZs out of which 5 are notified SEZ and one is an exporting SEZ; A bio-pharma IT park at Bhubaneshwar is being established over an area of 64.68 acres.
10	**Punjab**	**Land:** Punjab is spread over 50,362 sq. km. **Road:** Punjab has a wide road network consisting of 1,557 km of national highways. Further, roads are well connected with major cities like Amritsar, Ludhiana, Delhi and Chandigarh. **Railway:** The State's Railway network spans about 2,134 km connecting all major industrial areas. A metro rail project at Ludhiana[80] and mass rapid transit system and a personal rapid transit system in Amritsar[81] are being planned to increase connectivity. **Airways:** Punjab has an international airport at Amritsar and three domestic airports located at Chandigarh, Ludiana and Pathankot respectively. **Industrial Parks:** The State's rating is 191.4 on infrastructure as against the national average of 100[82]. The State has inland container depots or container freight stations near all major industrial clusters. Some of the popular companies operating in the State are Infosys, Ranbaxy, Godrej and Hero Cycles. The State has two notified SEZs and encourages development of SEZs in sectors like IT, pharma and textiles. It also provides incentives such as exemption from power cuts, reimbursement of stamp duty, etc.
11	**Rajasthan**[83]	**Land:** Rajasthan has a total land availability of about 342,269 sq.km **Road:** The State has a well-developed road network of National Highways spread across 7,130 km. Mega road projects are being implemented for improving and maintaining the road infrastructure. **Railway:** There is a wide network of railways connecting Rajasthan with all major cities in India for about 5,784 km. The Delhi- Mumbai Industrial Corridor Project with a Dedicated Freight Corridor extending from Mumbai to Delhi is also planned to be completed by 2016. This will boost the industry connectivity;

[80] www.planningcommission.nic.in – State plans – 2013-14
[81] www.pidb.winwinhosting.net
[82] http://www.pbindustries.gov.in/strengths.htm
[83] http://www.investrajasthan.com

		Jaipur Metro Rail Project has been planned to meet the urban transport needs of Jaipur. Phase I of the project is completed and the Phase II of the project is under review[84]; A High speed train running at 160 km/hr would connect Delhi- Alwar. Alwar is a rapidly developing industrial centre and hence this move will increase connectivity. **Airways:** The State has three major airports located at Jaipur, Jodhpur and Udaipur. **Industrial Parks:** Rajasthan State Industrial and Investment Corporation has developed 322 industrial areas in Rajasthan. These industrial areas are provided with adequate water, power, roads, shops and telecommunication facilities. Besides the above areas, the State also has ten notified SEZs and an Agro Food Park; Export Promotion Industrial Parks are located in Jaipur, Alwar and Jodhpur; The IT Zone in Mahindra World City is India's largest IT SEZ; Japanese Zone to cater Japanese establishments at Neemrana; The State has plans to develop four mega textile parks.
12	**Tamil Nadu**	**Land:** The State covers an area of 130,058 sq.km **Road:** Tamil Nadu is well connected with its neighboring States and other parts of the country through 28 national highways measuring 4,943 km. **Railway[85]:** The State has 3,943 km of railway network with Chennai, Coimbatore, Madurai, Salem and Trichy being the major junctions. The Mass Rapid Transit System in Chennai provides for easy access to the IT corridor at Taramani. Construction is underway for an underground and elevated Chennai Metro Rail project which is expected to cover an area of 45.1 km in the initial phase. A test run of this facility was accomplished in November 2013. **Airways:** The State capital Chennai has an international airport and a second one is being planned near Sriperumpudur.

[84] www.Statistics.Rajasthan.gov.in – Economic Review 2012-13
[85] The national highways and railway data is sourced from the National Highways Authority of India and Indian railways (updated up to 31 March 2011)

		Besides this, there are two international airports at Trichy and Madurai. Tamil Nadu also has domestic airports are at Coimbatore, Salem and Tuticorin. **Inland waterways and ports:** The State has a coast line of about 1000 km, the third longest in the country; The major ports are located at Chennai, Tuticorin and Ennore and there are 23 other minor ports; The proposed Chennai - Bangalore Industrial Corridor project will enable quicker movement of goods from Chennai and Ennore ports. **Industrial Parks[86]:** Tamil Nadu has the highest number of working factories in India[87]. Besides Chennai, manufacturing industries are located at Coimbatore, Erode, Trichy, Kanchipuram, Tirupur, Karur, Ranipet and Salem; The Tamil Nadu Industrial Development Corporation (TIDC) has been engaged in setting up industries, infrastructure projects and SEZs. This has resulted in multi-national companies like Ford and Hyundai to set up their establishments here. TIDC also jointly developed the Tidel Park in Chennai and Coimbatore which provides plug and play environment to IT based companies; The State Industries Promotion Corporation of Tamil Nadu Limited has promoted an IT park at Siruseri which houses some big names in the IT space like Tata Consultancy Services, Cognizant, Xansa, Syntel, Hexaware, Patni, Polaris; Madras Export Processing Zone is an SEZ housing manufacturing and IT companies in Chennai.

[86] SEZ data is updated as on 17th July 2013 - http://sezindia.nic.in/*
[87] Press note released by Central Statistics Office dated 14 January, 2011

Cost of utilities

Availability of power

The power sector in India had an installed capacity of 228,722 MW[88] as of September 2013, the world's fifth largest. The transmission and distribution network is the third largest in the world. India has a mix of both renewable and non-renewable energy. The conventional/non-renewable energy includes energy from coal, petroleum and lignite. Renewable energy includes wind energy, solar energy, hydro power, bio energy, geothermal energy. The table below captures the availability of power across India.

S No	Region	Availability (MU)
1	Northern Region	129,511
2	Western Region	121,247
3	Southern Region	105,580
4	Eastern Region	46,264
5	North Eastern Region	4,953
	All India	407,555

The Central Government had targeted a capacity addition of 88,537 MW during the 12th Five Year Plan to reduce the deficit in power supply, out of which 25,421 MW has been achieved till September 2013[12]. The total installed capacity of the power sector will add nearly 45,000 MW to the existing production[89].

[88] Central Electricity Authority, Ministry of Power, Government of India. September 2013
[89] RNCOS research report titled 'Indian Power Sector Analysis'

The country possesses vast renewable energy potential. To cope with the power deficits, the Indian Government has implemented various progressive measures to maximise the country's power generation capacity including the Ultra-Mega Green Solar Power Project in Rajasthan that is expected to have a total capacity of 4000 MW.

State	Power per unit	
Assam	Average power tariff is ₹4.01 per kwh	
Bihar	Demand charge of ₹ 2.5 per KVA per month and energy charge of ₹ 5.4 per month per Kw	Non-domestic demand based supply
Gujarat	Demand charge of ₹ 4.3 per KVA per month and energy charge of ₹4.55 per month per Kw	High tension category assuming consumption above 2500 KvA
Haryana	Demand charge of ₹1.7 per KVA per month and energy charge of ₹5.5 per month per Kw	Low tension industrial power supply
Jharkhand	Fixed charges of ₹205 per month and energy charge of ₹4.9 per unit	High tension industrial consumers
Karnataka	Demand charge of ₹1.9 per KVA per month and energy charge of ₹ 6.75 per month per Kw	High tension commercial
Kerala	Demand charge of ₹1.20 per KvA per month and energy charge of ₹9.10 per month per Kw	Low tension VII (A) commercial tariff with consumption above 500 units
Maharashtra	Fixed charge of Rs.190 per connection per month for usage upto 20 kW and ₹130 per kVA per month for consumption above 20 kW Energy charges of ₹5.06 per kWh and ₹7.01 per kWh for the slabs 0-20 kW and 20 kWh and above respectively	Low tension – V - Industrial
Odisha	Demand charge of ₹2 per KVA per month and energy charge of ₹5.4 per month per Kw	Large scale industry in low tension category
Punjab	Demand charge of ₹3.72 per KVA per month and energy charge of ₹3.72 per month per Kw	Small, medium and large industrial supply

Rajasthan	Fixed charges of ₹80/Kw of SCL per month and ₹6.60 per unit per month	Low tension with consumption above 500 units
Tamil Nadu	Demand charges ₹300 per KVA per month and energy charges ₹5.50 per KWH (unit)	High Tension supply – industries

Fuel rates[90]

The price of fuel across India differs on account of the differential tax levied by the respective States. The below are the illustrative retail prices as of November 2013:

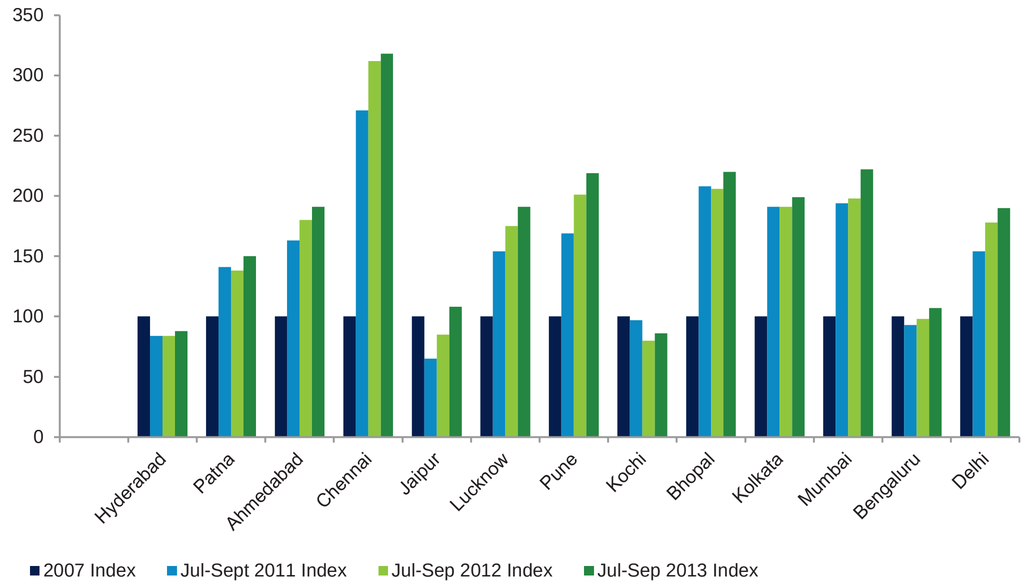
State	City	Diesel (₹)	Petrol (₹)
Assam	Guwahati	54.88	74.27
Bihar	Patna	56.41	74.90
Gujarat	Gandhinagar	59.09	74.81
Haryana	Ambala	51.41	71.23
Jharkhand	Ranchi	55.48	70.40
Karnataka	Bengaluru	57.69	77.84
Kerala	Trivandrum	57.02	74.29
Maharashtra	Mumbai	60.70	78.04
Odisha	Bhubaneswar	56.23	70.27
Punjab	Chandigarh	54.05	72.12
Rajasthan	Jaipur	55.59	74.51
Tamil Nadu	Chennai	57.23	74.22

[90] www.iocl.com

Real estate index

A business should be strategically located based on the intended customer and availability of resources. The cost of construction of building or the lease/rental cost for building differs based on the city of choice. The real estate prices have increased annually on an average by 21 per cent during the past four years as per the RBI report dated 10 October 2013. Based on the size of the business and the plan for expansion, one may decide to own or take the property on lease.

The movement of residential property prices in the prominent cities is depicted below:



Source: http://www.nhb.org.in

Taxes

Customs duty

Customs duties are levied by the Central Government generally on the import of goods into India, although certain exported goods also are liable to customs duties. The basis of valuation in respect of imports and exports is the transaction value, except where the value is not available or has to be established because of the relationship between the parties. The rates vary depending on the classification of goods under the Customs Tariff Act.

The averaged out basic customs duty is 10%. However, the aggregate customs duty, including additional duties and the education cess, is 28.85%. Several products attract the basic customs duty of 10%.

Excise duty

This duty is levied by the Central Government on the production or manufacture of goods in India. Liability for paying the duty is on the producer or manufacturer. Excise duty rates are based on the transaction value, except where such value is not available or has to be otherwise established. The rates vary depending on the classification of goods under the Central Excise Tariff Act, 1985.

The standard excise duty rate is 12.36%, including secondary and higher secondary education cess. Credit for inputs, capital goods and input services used in the production of excisable goods is available subject to specific conditions.

Service tax

Service tax is levied at 12.36% on the gross value charged by all service providers except those specified in the negative list. Currently, 17 services are in the negative list. Normally, the service provider pays the tax and recovers the amount from the recipient of taxable service. When a person commences business of providing a taxable service, he is required to register himself within 30 days of such commencement of business.

Value Added Tax (VAT)

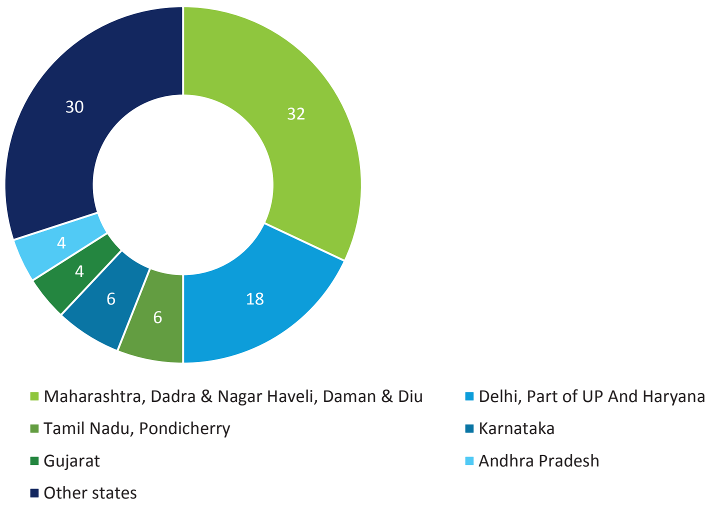
All Indian States, including union territories, levy VAT on a few transactions including sale of goods. Since the levy is State specific, the applicable rates generally differs across States. The VAT rate varies between 14.5%, 5% and 1% depending upon the products. The reduced rates apply to the sale of agricultural and industrial inputs, capital goods and medicines, precious metals, etc.

VAT is payable by the seller of goods. The VAT paid at the time of procurement is available as a credit against the output sales. A refund of input tax is available for exporters.

Where are the FDIs currently flowing into?

Destination wise, economically advanced States have attracted the lion's share of FDI flows to India. The top six states, viz., Maharashtra, New Delhi, Karnataka, Gujarat, Tamil Nadu and Andhra Pradesh accounted for over 70% of the FDI equity flows to India *(between April 2000 to August 2013)*.

TOP 6 destinations in India that had attracted FDI



Source: DIPP report updated up to August 2013 - Cumulative inflows from April, 2000 to August, 2013

Industrial hubs

With the support extended by the various State Governments, many multinational companies have set up operations in India. In fact, certain locations have seen development of an industrial cluster. Some of these are:

- Chennai and Kanchipuram districts of Tamil Nadu;
- The National Capital Region (NCR) comprising Delhi and parts of Haryana, Rajasthan and Uttar Pradesh;
- Sanand in Gujarat;
- Pune in Maharashtra for the Automobile and auto ancillary industry;
- Bangalore (Karnataka), Hyderabad (Andhra Pradesh) and Pune for IT and ITES sector;
- Himachal Pradesh and Uttarakhand for the cosmetic industry and so on.

The respective State Governments have been providing support and infrastructure required to welcome corporates to their State. Besides adding to the State's revenue, these industries also provide employment opportunities to the local population and facilitate development of the area as a whole.

It is imperative that one carries out a detailed location study and analyses the influencing factors in depth before deciding on setting up the business.

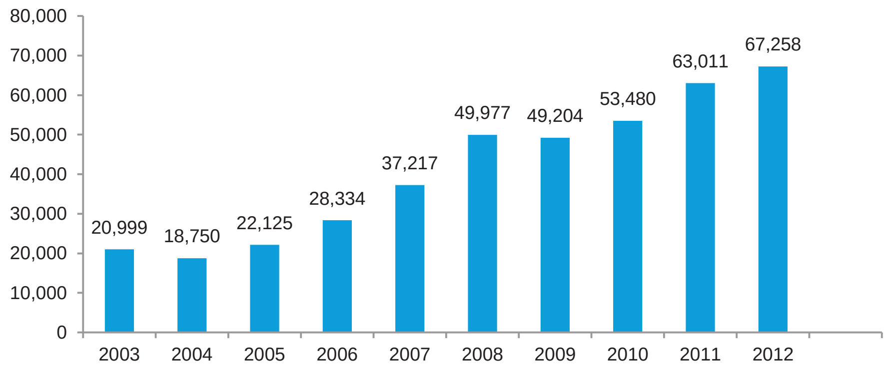
Inward remittances in India

Nature and Purpose

Inward remittances from overseas Indians represent a major source of external finance for India. Spurred by the robust returns available in the Indian market, India has witnessed a steep increase in inward remittances over the last decade. Inward remittances from foreign economies increased to 41 billion USD in 2011, as against 13 billion USD in 2003 as per World Bank annual remittances data.

The graph below summarises the inward remittances to India over the last decade:

Inward remittances in India (million USD)



Source: World Bank annual remittances data (updated as on October 2013)

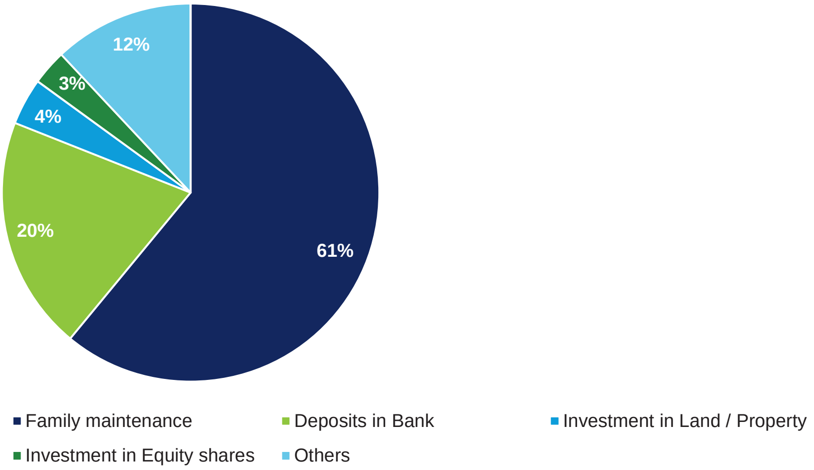
As is evident, remittances were relatively strong even during the global financial crisis. With the weakening of the Indian rupee, a surge in remittances is expected as NRI take advantage of the cheaper goods, services and assets back home. Remittances to India are expected to reach 71 billion USD in 2013 making India the largest recipient of global remittances in the world as per World Bank annual remittances data.

Almost 4% of India's GDP is supported by inward remittances from Overseas Indians. India has a regulated environment with respect to money flow into India.

A survey on the possible end-use of the funds remitted by the Overseas Indians to their families back home have revealed that a pre-dominant portion of around 61 per cent of the remittances received are utilised for family maintenance. Nearly 20 per cent of the funds received are deposited in the bank accounts and a relatively smaller share of the total remittances (about 7%) is invested in land/ property/ equity shares. A pictorial representation of the same is shown below:

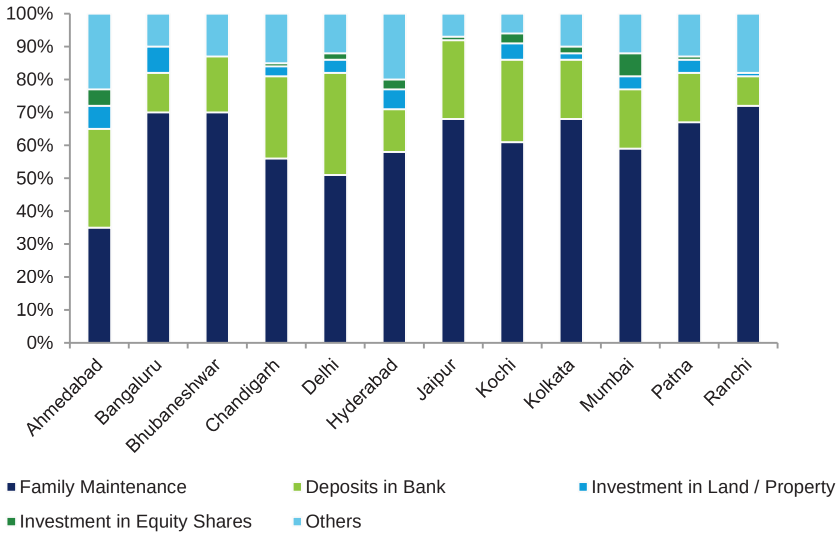
Sources: RBI Monthly Bulletin April 2010

Average utilisation pattern of remittances in India



Utilisation pattern of inward remittances in various Indian cities

- The utilisation pattern of remittances varies from city to city. Investment in land/ property and equity shares tends to be higher in cities like Mumbai, Ahmedabad, Hyderabad and Bengaluru. In contrast, bank deposits are favoured in Ahmedabad, Delhi, Kochi and Chandigarh.
- The table below summarises the utilisation pattern of inward remittances in various Indian cities in 2009:



Sources: RBI Monthly Bulletin April 2010

Exchange Control and remittance

The exchange control norms in place for inward remittances into India for various purposes by NRIs / PIOs are discussed below:

Acquisition of Immovable Property in India

- NRIs/ PIOs can purchase any immovable property (other than agricultural land/ plantation property/ farm house) in India. There are no requirements to file any documents with the RBI in case residential and commercial property is purchased under general permission. There are no restrictions on the number of residential/ commercial properties that can be purchased by NRI/ PIO in India.
- The payment for such acquisition of immovable property (other than agricultural land/ plantation property/ farm house) can be made out of funds received in India through normal banking channels by way of inward remittance from any place outside India or by debit to NRE/ FCNR(B)/ NRO account. Such payments, however, cannot be made by travellers' cheques or foreign currency notes or any other mode.
- Payment can also be made out of loans acquired from ADs or from a housing finance institution, subject to certain conditions. NRIs/ PIOs are permitted to repay such loans by way of inward remittance through normal banking channels or by debit to the NRE/ FCNR (B)/ NRO account of the NRI/ PIO or out of rental income from such property or by the borrower's close relatives.
- Refund of application / earnest money / purchase consideration made by the house building agencies/ seller on account of non-allotment of flat/ plot / cancellation of bookings/ deals for purchase of residential/ commercial property, together with interest, if any (net of income tax payable thereon) can be allowed by the ADs by way of credit to NRE/FCNR account, provided the original payment was made out of NRE/ FCNR account of the account holder or remittance from outside India through normal banking channels and the ADs is satisfied about the genuineness of the transaction.

Bank Accounts

Overseas Indians i.e. NRIs/ PIOs are permitted to open, hold and maintain certain types of accounts with ADs in India. The permissible accounts would differ based on the category of non-residents and type of remittances - some more privileged than the rest.

The various accounts that can be maintained by NRIs/ PIOs are:

- Foreign Currency Non- Resident (FCNR) Account;
- Non-Resident External (NRE) Account;
- Non-Resident Ordinary (NRO) Account.

FCNR Account

As the name suggests, this is a foreign currency account which can be opened with overseas remittances through normal banking channels. NRIs/ PIOs (except individuals/entities of Bangladesh/Pakistan nationality/ ownership) are permitted to open and maintain these accounts with AD Category–I Banks. Deposits can be maintained only in the form of term deposits of tenure one to five years. Balances held in the FCNR Account are freely repatriable.

NRE Account

This is a Rupee designated account which can be opened with overseas remittances through normal banking channels. NRIs/ PIOs are permitted to open and maintain these accounts with AD Banks. However, individuals/entities of Bangladesh/Pakistan nationality/ownership are permitted to open and maintain these accounts with AD Banks subject to prior approval of RBI. Deposits can be maintained in the form of savings, current, recurring or fixed deposit. Balances in these accounts are freely repatriable.

The tax implications for accruals to the above accounts are detailed in the section “Taxation for NRIs”.

NRO Account

This is an account which can be opened with permitted overseas remittances through normal banking channels and also legitimate dues of the account holder in India. Any person resident outside India, including NRIs/ PIOs (except individuals/entities of Bangladesh/ Pakistan nationality/ownership), is permitted to open an NRO account with AD Banks. When a person resident in India leaves India for another country (other than Nepal or Bhutan) for employment, conducting business, or any other purpose, indicating intention to stay outside India for an uncertain period, his existing account is designated as NRO Account. Likewise NRO accounts are re-designated as resident rupee accounts on the account holder’s return to India for employment, conducting business or any other purpose, indicating his intention to stay in India for an uncertain period. Where the account holder is only on a temporary visit to India, there is no need to re designate the account. Deposits can be maintained in the form of savings, current, recurring or fixed deposit. However, unlike the NRE account, repatriation of balances is subject to limits.

Comparative Analysis of permissible bank accounts for NRIs/ PIOs

Particulars	FCNR account	NRE account	NRO account
Account holder	NRIs/ PIOs	NRIs / PIOs	NRIs / PIOs
Joint account with another person resident in India	With resident close relative on former or survivor basis	With resident close relative on former or survivor basis	Permitted
Currency denomination	Any freely convertible currency	Indian Rupees	Indian Rupees
Repatriability: Principal	Freely repatriable	Freely repatriable	Not repatriable except in certain cases
Interest earned on deposits	Freely repatriable	Freely repatriable	Freely repatriable
Type of accounts	Term Deposits only	Current, Savings, Recurring, Fixed Deposits	Current, Savings, Recurring, Fixed Deposits
Period for Fixed Deposits	For terms not less than one year and not exceeding five years	For the periods as announced by the deposit taking bank	For the periods as announced by the deposit taking bank
Nomination facility	Available	Available	Available
Rupee loans in India against the security of the funds held in the account	Permissible up to specific limits	Permissible up to specific limits	Permissible
Permitted credits	All permissible credits in respect of NRE accounts are permissible in FCNR accounts as well	• Proceeds of remittances to India in any permitted currency • Transfers from other NRE/FCNR accounts • Rupee funds should be supported by encashment certificate, if they represent funds brought from outside India • Interest on Government securities and dividend on units of mutual funds, provided the securities/units were purchased by debit to the account holder's NRE/FCNR account or out of inward remittance through normal banking channels • Certain types of refunds	• Proceeds of remittances from outside India through normal banking channels received in foreign currency which is freely convertible • Any foreign currency, which is freely convertible, tendered by the account holder during his temporary visit to India • Transfers from rupee accounts of non-resident banks • Legitimate dues in India of the account holder. This includes current income like rent, dividend, pension, interest, etc. • Sale proceeds of assets including immovable property acquired out of rupee/foreign currency funds or by way of legacy/ inheritance

Particulars	FCNR account	NRE account	NRO account
Permitted debits	All permissible debits in respect of NRE accounts are permissible in FCNR accounts also	• Local disbursements • Permissible remittances outside India • Transfer to NRE/FCNR accounts of the account holder or any other person eligible to maintain such account • Investment in shares / securities/ commercial paper of an Indian company or for purchase of immovable property in India provided such investment/purchase is covered by the regulations, or general/special permission granted, by the RBI • Any other transaction if covered under general or special permission granted by the RBI	• All local payments in rupees including payments for investments in India, subject to compliance with the relevant regulations made by the RBI • Remittance outside India of current income like rent, dividend, pension, interest, etc. in India of the account holder • Remittance up to USD One million, per financial year (April-March), for all bonafide purposes, to the satisfaction of the authorised dealer bank • All remittances of income need to be net of applicable India taxes

Investment in shares

Investments on repatriation basis

NRIs can invest in shares and convertible debentures of Indian companies in permitted sectors under FDI Policy on repatriation basis, subject to the condition that the amount of consideration for such investment shall be made only by way of inward remittance in freely convertible foreign currency through normal banking channels. However, citizens of Pakistan or Bangladesh are not permitted to make these investments. NRIs/ PIOs can also acquire existing shares from Indian shareholders or from other non-resident shareholders, subject to certain conditions.

Another investment option that can be explored is the domestic Venture Capital Funds registered with SEBI subject to conditions. In all the above cases, specified conditions such as pricing guidelines, reporting requirements, mode of payment, minimum capitalisation norms, etc. needs to be complied with.

Further, NRIs/ PIOs can invest in the following:

- Government securities or treasury bills;
- Units of domestic mutual funds;
- Bonds issued by public sector undertakings in India;
- Non-convertible debentures of a company incorporated in India;
- Investment in shares in Public Sector Units (PSUs) under divestment offer;
- Perpetual debt instruments and debt capital instrument issued by banks in India.

Investments on non-repatriation basis

NRIs/ PIOs can also invest out of rupee funds that do not represent inward remittances or a transfer from NRE/ FCNR accounts into the NRO account, in the following:

- Units of money market mutual funds;
- Capital of a firm or proprietary concern in India;
- Units of domestic mutual funds;
- Commercial paper issued by an Indian company;
- Shares and convertible debentures of Indian companies other than under the Portfolio Investment Scheme (PIS);
- Deposits with a company registered under the Companies Act, 1956 including Non-banking Financial Company (NBFC) registered with the RBI or a body corporate, proprietorship concern or a firm.

The above investments are permitted on non-repatriable basis.

Portfolio Investment Scheme [PIS]

NRI/PIO can invest in shares/convertible debentures under the PIS provided the total paid up value of the shares/ convertible debentures does not exceed 5% of paid up capital of the Indian Company. Additionally, the aggregate paid up value of investments by NRIs/ PIOs cannot exceed 10% of the paid-up capital of the Indian Company. Investments in PIS can be done on repatriation or non-repatriation basis. The sale proceeds of the repatriable investments can be either remitted outside India to the foreign currency bank account of the NRI/ PIO or credited to the NRE/ NRO accounts of the NRI/ PIO, whereas the sale proceeds of non-repatriable investment can be credited only to NRO accounts.

Shares on stock exchange

With effect from August 5, 2013, NRIs are eligible to acquire shares on stock exchange in India through a registered broker, subject to the condition that the non-resident investor has complied with the minimum stake requirement under SEBI Regulations. Payment for such shares can be made by way of inward remittance through normal banking channels or by debit to NRE/ FCNR account.

Family remittances

There are no restrictions on family remittances or remittance of savings to India. NRI/ PIO can remit funds to resident family members in India using the normal banking channels without any restriction. However, remitting funds to India using Money Transfer Services Schemes (discussed in detail in the succeeding paragraphs) can be explored since it is a quick and easy way of transferring personal remittances from abroad to beneficiaries in India.

Modes and cost of inward remittance

- **Money Transfer Service Scheme (MTSS):** MTSS envisages a tie-up between reputed money transfer companies abroad and agents in India, who would disburse the funds to the beneficiaries. MTSS is a quick way of transferring personal remittances from abroad to beneficiaries in India. MTSS is permissible only for personals remittances such as remittance towards family maintenance and remittances favouring foreign nationals visiting India. Remittances can be sent through MTSS within the same day.

  The Indian agent pays the beneficiaries initially based on the instructions from his overseas principal. His commission is subsequently reimbursed by the overseas principal. The Indian agent has to be an ADs, Full Fledged Money Changer or registered NBFC, IATA authorised Travel agents (duly approved by RBI) to enter into such an arrangement. Further, Guidelines have been issued by RBI for Indian agents seeking approval for entering into an arrangement under MTSS.

- **Remittance Cards**: Remittance card is a prepaid product which allows the users to receive remittance from outside India. It can also be used at ATMs and for e-commerce transactions. Remittance cards are one of the quickest ways to remit funds to India. A remittance card is a reloadable debit card. NRI has to buy the card under the recipient's name, register in the country of currency and send the remittance. Once the recipient receives the card, he can use it at ATMs and stores.

  These services are provided by most of the reputed MNC banks. The main advantages of this method are that the cards can be purchased easily and it is cost effective.

- **Wire Transfer:** Wire transfer is a channel of remittance in which money is transferred from one bank to another electronically. The transfer of funds is effected through the banking codes and routing codes. The banking codes and routing codes may vary depending upon bank to bank and branches to branches.

- **Bank Money Orders**: NRIs/ PIOs can purchase a money order outside India for the amount desired to be remitted to India. Money is transferred in this mode in a manner similar to the postal money orders. However, this process of money transfer is effected through bank.

  Though money order is sent by banks, services of the postal department of India are utilised to finally hand over the money. This is a time consuming process in comparison to other money transfer services schemes.

- **Foreign Currency/ Traveller Cheques**: The cheques which are drawn or payable on the banks that are outside the country are known as foreign currency cheques. In this mode of transfer, NRIs/ PIOs have to write a cheque outside India and send it to his beneficiary in India. Beneficiary, upon receipt of the cheque, can deposit for further clearing with banks in India.

  Money transfer through foreign currency cheques could be a time consuming process.

- **Foreign Currency Drafts**: A foreign currency draft is a bank draft which is drawn on a financial institution outside India. They can be purchased at commercial banks overseas and usually have a fee depending on the institution and the type of account that is held by the NRIs/ PIOs. Sending a foreign currency draft is similar to sending an ordinary bank draft. Only difference in case of foreign currency draft is that the draft is sent from overseas country to India.

Time Taken and Cost of Remittance

Time taken to deliver remittance from senders to the beneficiaries and cost of remitting the funds are two important considerations while remitting money. As the cost of sending remittances is determined by the overseas financial institution, these are difficult to obtain.

The cost that can be gathered from the resident recipient institutions is mainly relating to handling charges of banks paid by the recipient.

Time taken for remittance

The time taken to deliver the remittances varies depending upon the location of the sender and the beneficiary and the modes of transfer used. The time taken in delivering remittances is an important concern for the remitter. However, sometimes the decision on the time efficiency is also influenced by the higher costs associated with quicker delivery.

Time taken for remittance of money through various modes of remittances across India is given below:

Time Taken to deliver Remittances

(No. of days)

Centre	SWIFT/ Electronic Wires	Drafts	Cheques	Debit/Credit Cards	Money Orders
1	2	3	4	5	6
Ahmedabad	1-3	7-30	15-30	1-4	—
Bengaluru	1-3	1-30	3-30	3-4	—
Bhubaneswar	1-2	7-25	14-25	2	—
Chandigarh	2	20	16	—	—
Delhi	1-2	7-21	14-28	—	—
Hyderabad	2	6	13	—	10
Jaipur	1-2	1-30	3-45	1	4
Kochi	2	5	22	—	30
Kolkata	1-4	3-30	30	1	3
Mumbai	1-5	2-30	4-30	2	1-15
Patna	1-7	1-30	3-30	—	—
Ranchi	0-4	2-30	10-30	—	—
All India	1-7	1-30	3-45	1-4	1-15

Source: RBI Monthly Bulletin April 2010

The time taken to deliver remittance as per RBI Bulletin with respect to various modes of remittances is as follows:

- Swift and direct online transfers are the most time efficient means of remitting money as they depend on electronic/ telegraphic transfer of funds. The average time taken in delivering such funds to India is mostly 1-3 days.
- Remittances made through cheques and drafts are the most time consuming. The maximum time taken in remitting funds through these instruments can be as long as 30 days.
- Remittances made through money orders are also time consuming and reported to take about 3 to 30 days.
- Transfers made through debit/credit cards are less time consuming (1-4 days) as these are essentially in the form of electronic transfers.

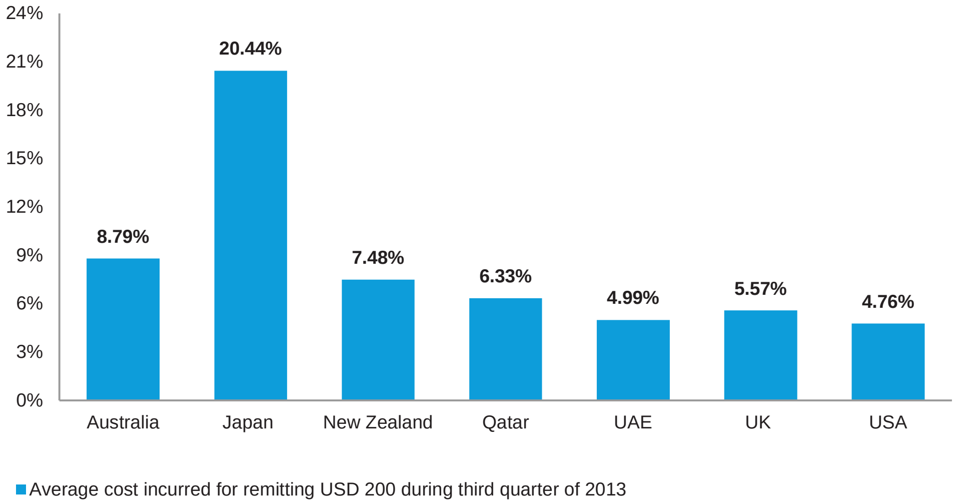
Cost of Sending Remittances

The cost of remittances comprises of explicit cost (amount charged on remitting money) and hidden cost (the implicit charge in the form of exchange rate charged on conversion of foreign currency into domestic funds). It is often observed that small remittance transactions for family maintenance are offered at less favourable exchange rates. The cost on this account can be exorbitant for some countries with less developed exchange markets. However, in the Indian context, it is understood that the exchange rates applied for conversion into domestic funds are reasonably transparent and do not constitute the cost in any significant measure. In case of transfer of funds from the Gulf countries that are remitted through exchange houses, conversion into rupees is made at the point of origin and the recipient in India does not bear any exchange risk.

The cost of remitting money is often difficult to find out as the same is paid by the remitter to the overseas MTO or the correspondent bank. The cost of transfer also has two elements (i) the cost paid by the sender while remitting money; and (ii) the cost paid by the receiver domestically in the form of handling charges. The latter includes the charges levied by the receiving bank when the beneficiary is a customer of another domestic bank. Charges are also levied when the receiver is in a remote location, where the funds are delivered by the receiving bank by making a rupee demand draft.

Based on the analysis conducted by World Bank in their report issued during September 2013, on the cost of sending money to India, Inward remittance to India is estimated to cost an average of 8.57 per cent, which is below the both the G20 average of 8.72 per cent and the global average of 8.93 per cent.

The graph below summarises average cost incurred for remitting money from various countries to India:



Source: World Bank report remittances prices data (3rd Quarter of 2013)

Returns, re-investment and repatriation options

India has become an investment friendly destination due to various economic reforms and liberalised investment and trade policies.

The investment avenues for NRIs are broadly the same as investment avenues for Resident Indians, with a few key points to bear in mind, as explained below.

Investment options and returns

- **Direct Equity:** While NRIs can continue investing in Initial Public offers unmindful of NRI status, there are some procedures to be followed when investing in the secondary market. NRI has to open a NRO demat account and transfer shares to such account from his ordinary account. Although an NRO account means that funds are non-repatriable, the RBI allows funds from the sale of financial assets to be remitted outside India after some paperwork.

  To invest from abroad, NRIs need to open a fresh NRI PINS (Portfolio Investment Scheme) demat account. PINS is a scheme of the RBI under which NRIs can buy and sell shares by routing them through their NRE/ NRO account. (An NRE account is preferable, since the funds are freely transferable abroad after selling the shares). Speculative transactions are not encouraged under PINS. Average rate of return from equity market is about 15 – 20% per annum. (Source: ICICI Securities Survey conducted in December 2012).
- **Mutual Funds[91]:** A Mutual Fund would be a safer option compared to direct equity for a foreign investor who has limited expertise. For an NRI, no specific approval for investing or redeeming from mutual fund is required. Investment can be made either from amounts remitted from abroad or out of NRE/ FCNR accounts maintained with local banks. The redemption or the dividend proceeds will be credited to the same account. The investments can be made both on a repatriable and non-repatriable basis. Average rate of return over the past five years from large cap equity mutual funds is about 14.11% and from monthly income plan (debt oriented) is 8.54%.
- **Real Estate:** Real Estate in India is big time favourite with NRIs. NRIs can acquire any immovable property in India, other than agricultural land/ farm house plantation property. The clear benefit here is that while they are residing in a foreign country, the apartment/ house can be given out on rent, thereby providing additional income.

  Capital appreciation in real estate is also one of the reasons for NRIs to invest in real estate. It has yielded good returns over the years, though prices have risen at uneven pace at times. Given the demand-supply imbalance, the trend is likely to continue and the investment will stand in good stead even when other assets take a beating.

Repatriation of Funds

While NRIs continue investing / re-investing in India, they may want to repatriate their investments out of India at some point in time. The Indian Government has liberalised provisions related to repatriation of assets, whether acquired by NRI from foreign exchange or Rupee Funds or which were held by him when he was a resident in India.

All money that is brought in India from abroad into the NRE account or FCNR account can be freely repatriated back. As per FEMA, the rent, interest and dividends deposited into NRE or FCNR accounts can be freely repatriated, net of Indian Income Tax.

Investment made in shares under FDI policy (other than investment made on non-repatriable basis), can be repatriated subject to the payment of taxes, on the sale of shares.

Any balance in the NRO account can be repatriated to the extent of USD one million per financial year, provided a Chartered Accountant's (CA) certificate is submitted to the banker, certifying that all taxes have been duly deposited with the Revenue Authorities. If a person is required to repatriate above this limit, he can make a specific application to RBI for increasing the repatriation limit.

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[91] (Source: Crisil fund analyser, ICICI Direct.com - Research).

Taxation for NRI's

Non-residents are taxable in India on the incomes sourced in India or received in India. The IT Act classifies taxable income into five broad heads as under:

- Salaries;
- Income from House property;
- Profit and gains of business or profession;
- Capital Gains;
- Income from other sources.

In this section we have discussed the provisions relating to income from house property, capital gains, income from other sources and certain specific tax provisions relating to NRIs.

Income from house property

Rental income received by an owner of property is subject to tax under this head. Based on the occupancy, house property can be classified as either self-occupied or let out.

Taxability in the two situations is summarised in the table below:

Particulars	Self-occupied property	Let out property
Property covered	• Occupied by the owner for residential purpose and has not been actually let out • A normal residence which cannot be occupied because it is away from the place of work	Let out during the whole or any part of the tax year
Gross income	NIL	Generally, actual rent received will be considered as gross income
Deductions	Mortgage/ loan interest up to ₹150,000	• Municipal taxes paid by the owner • Standard deduction at 30% • Actual mortgage/ loan interest without any monetary ceiling

Income from Capital Gains

Generally, gains derived from transfer of capital assets are taxable in the year of disposal. The computation methodology and tax rates differ based on the period of holding of such assets. The period of holding of the asset is reckoned from the date of acquisition to the date immediately preceding its transfer.

Key features of capital gains taxation

- Assets held for more than 36 months are referred to as long term capital assets and those held for not more than 36 months are referred to as short term capital assets.
- Shares, listed securities or units of UTI, Mutual funds and zero coupon bonds are classified as long term assets if the period of holding exceeds 12 months.
- Long term capital gains attracts a special rate of 20% on the gains while short term capital gains are taxed at applicable slab rates.
- Gains from equity shares or units of equity oriented fund listed in a recognised stock exchange in India and subject to Securities Transaction Tax:
  - Long-term capital gains are exempt
  - Short-term capital gains are taxable at 15%
- Gains can be exempt if investment is made in specified assets (example: residential house, infrastruture bonds)

In the case of long term capital assets, the cost of acquisition can be converted to reflect the current prices. This process known as indexation is carried out using defined cost inflation indices.

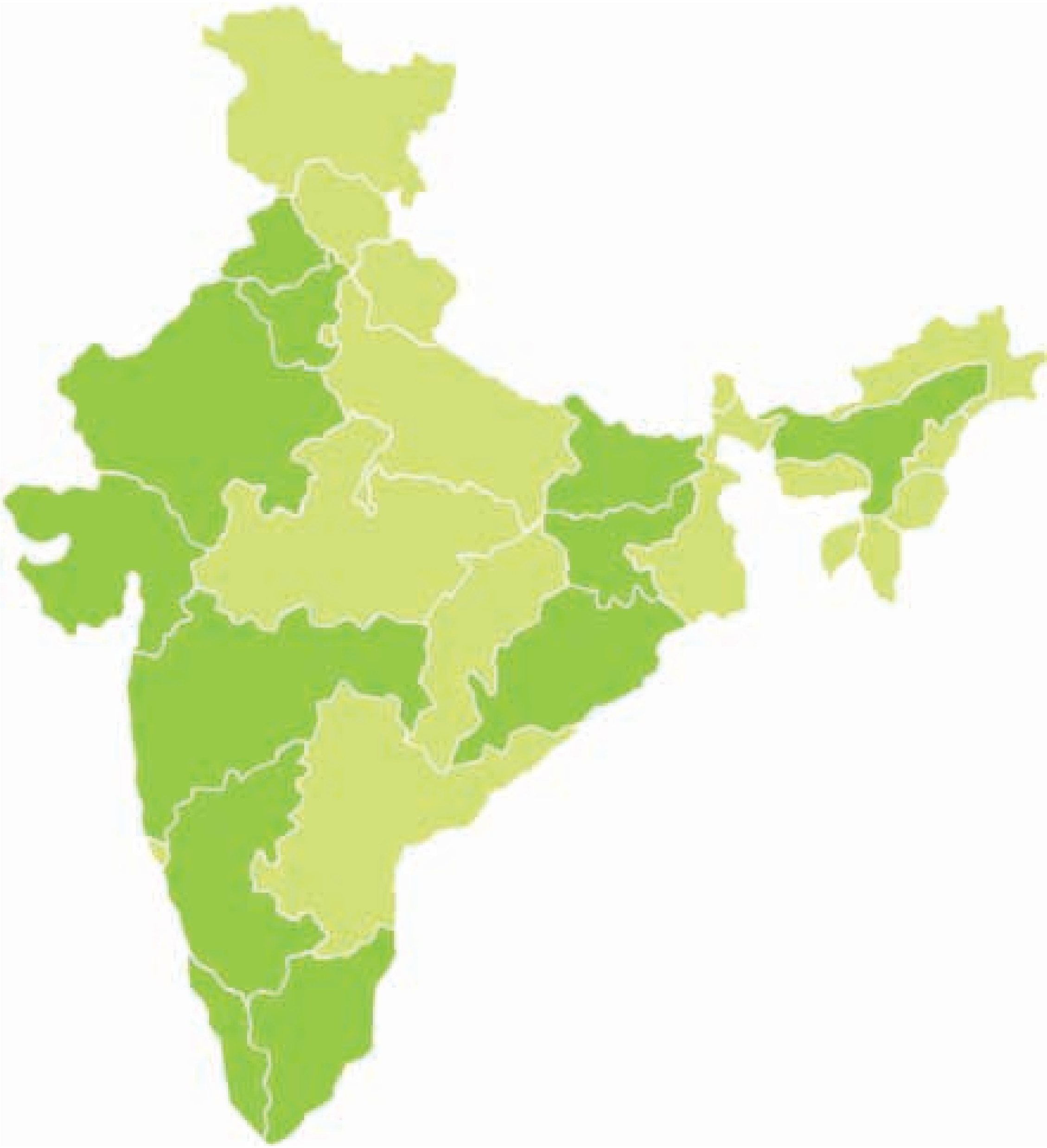
Income from Other Sources

- Income such as investment income (interest/ dividend), winnings and gifts are taxable under this head. Gifts received in the form of cash or kind above ₹50,000 are taxable except when it is received from relatives or on occasion of marriage or other circumstances defined in the IT Act;
- Interest income from Non-Resident External (NRE) Account or Foreign Currency Non-Resident (FCNR) Account is not taxable in India;
- Dividend received from an Indian Company or from units of mutual fund is exempt in the hands of individuals from payment of tax. However, foreign dividends are not exempt and are to be offered for tax in the individual hands.

Special provisions relating to certain incomes of Non Residents

- The IT Act has a separate Chapter (i.e. Chapter XII A) on taxability of income earned by NRIs. NRIs have a choice to either to such income to tax as per the provisions of the Chapter XII A or opt out of these provisions and continue to be governed by normal provisions of the IT Act. If an NRI wants to opt out of these provisions, a declaration to that effect, is required to be given in the return of the income;
- The concessional rates of tax available under this Chapter are as below:
  - Investment income is taxable at 20%
  - Long term capital gains from specified assets [(e.g. shares in Indian company, debentures/ deposits in an Indian company (excluding private company)], and any security of the Central Government; acquired out of convertible foreign exchange are taxable at 10%
- If NRIs opt for the concessional tax treatment as discussed above, they would not be able to claim any corresponding deduction as specified and benefit of cost indexation for capital gains;
- The concessional rates of tax would continue to apply for the returning individuals even in the years they become a resident. However, they would need to file a declaration, in writing, to the Assessing Officer along with the return of income expressing their desire to be governed by the provisions of this Chapter;
- NRIs opting for this scheme, need not file their Return of Income , if their total income consists only of investment income/ long term capital gains or both, and tax has been deducted at source on the same.

Initiatives of Central Government and OIFC Partner States



Central Government Initiatives for NRIs/PIOs

The Government of India (GoI) has taken various steps to promote investment in India by overseas Indians. The Government plays a pivotal role in investment promotion through dissemination of information on the investment climate and opportunities in India. Over the year, it has relaxed the laws, framed suitable policies and set up nodal agencies to promote investment in India.

Some of the recent initiatives to provide impetus to the industry are:

Cabinet Committee on Investment

The Cabinet Committee on Investment (CCI) was notified on 2 January 2013 to fast track implementation of high end projects (involving investment of ₹10 billion or more, or any other critical projects). Through this, the Government will prescribe the time limit for approval/clearance by concerned Ministries/Departments and review implementation of the projects.

Boost to Micro, Small and Medium Enterprises[92]

India also encourages small players in the market. The Government monitors growth of Micro, Small and Medium Enterprises (MSMEs) which contribute about 9 per cent of the country's GDP, 45 per cent of the manufactured output and 36 per cent of the total exports and is the key driver of the country's industrial growth. The Government has mandated all ministries/departments/central public sector undertakings to procure a minimum of 20% of inputs (goods/services) from micro and small enterprises. With respect to technology upgradation, capital subsidy (up to a maximum of ₹1.5 million) is provided for purchase of plant and machinery.

Introduction of the New Companies Act

The Companies Act, 1956 is the statutory legislation governing the rules and regulations of private and public limited companies incorporated in India. The Government has made some changes to the existing regulation to make it more investor friendly and transparent. The new Companies Act, 2013 is partially in force (98 sections) and effective from 12 September 2013. This Act also provides for a new vehicle called One Person Company, for carrying on business with limited liability. The Companies Act puts greater emphasis on Corporate Social Responsibility and Corporate Governance.

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[92] PIB release dated 2 April 2013

The Government has a liberal and transparent policy in which they have allowed 100% FDI under "automatic route" in various projects. Although FDI Policy freely permits investment in almost all the sectors, there are some sectors/ activities under which FDI is prohibited or permitted up to a limit. Similarly, the RBI has been framing policies over the years to encourage NRI/PIO to induce investment in India.

NRI/PIO investors also have opportunity to work on Indian projects under PPP scheme in various sectors like education, healthcare etc.

Some of the key opportunities for NRIs include permission to:-

- Purchase of Government securities (other than bearer securities) or treasury bills or units of domestic mutual funds; bonds issued by a Public Sector Undertaking in India and share in public sector enterprises being disinvested by GoI, on repatriation basis without limit;
- Purchase of shares/convertible debentures issued by an Indian company, Government securities, treasury bills, units of domestic mutual funds, and units of Money Market mutual Funds, on non-repatriation basis without limit;
- Subscribe to the perpetual Debt Instruments (eligible for inclusion as Tier I Capital) and Debt Capital Instruments (eligible for inclusion as Upper Tier II capital) issued by banks in India, subject to the stipulated conditions;
- Investment in shares of listed Indian companies in recognised stock exchanges under the Portfolio Investment Scheme (PIS).

Overseas Indians, diaspora associations, trade and industry, lawmakers, think-tanks and opinion builders, key stakeholders of society and governance, as well as State Governments can approach Ministry of Overseas Indian Affairs (MOIA) for getting information, partnerships and assistance for all matters relating to Overseas Indians.

The MOIA's major initiatives for Overseas Indians

Investment facilitation and knowledge networking

Overseas Indian Facilitation Centre (OIFC) was established in 2007 with the objective of supporting the Indian diaspora connect better with India and assisting them in deepening their economic and intellectual engagement with India. Ministry of Overseas Indian Affairs, Government of India, established OIFC, a Public Private Partnership, in association with Confederation of Indian Industry (CII), India's apex industry chamber.

OIFC has been uniquely constituted and positioned to serve as a single-point contact for the overseas Indians through its facilitation. Whether in areas of information, economic engagement, knowledge partnering, mentoring or building any other association with Indian states, OIFC helps the Indian diaspora, professionals and small/ mid-sized entrepreneurs build strong inter linkages with India, and thus effectively enabling them to build upon or expand their engagement with India.

Bilateral Labour Co-operation

India has entered into bilateral MOU with all the major destination countries for the protection and welfare of Indian emigrants. Besides, the MOIA has also signed nineteen Social Security Agreements out of which nine have been notified. The tables below list down notified SSAs as also status of other SSAs.

Effective SSAs

Country	Effective date
Belgium	01 September 2009
Germany (posted workers only)	01 October 2009
Switzerland	29 January 2011
Denmark	01 May 2011
Luxembourg	01 June 2011
France	01 July 2011
Republic of Korea	01 November 2011
Kingdom of Netherlands	01 December 2011
Hungary	01 April 2013

SSAs Under different stages of conclusion

Country	Concluded	Signed	Effective
Germany (Comprehensive)	Y	Y	N
Czech Republic	Y	Y	N
Canada	Y	Y	N
Norway	Y	Y	N
Finland	Y	Y	N
Portugal	Y	Y	N
Japan	Y	Y	N
Sweden	Y	Y	N
Austria	Y	Y	N
Quebec	Y	Y	N

The Government is also entering into Human Resource Mobility Partnerships to position international labour mobility as a win-win for the countries of origin, the countries of destination and the migrant workers.

India Development Foundation of Overseas Indians (IDF-OI)

India Development Foundation of Overseas Indians provides a credible window for Overseas Indian Philanthropy in India’s social development. The objective of the Foundation is to facilitate philanthropic activities by Overseas Indians including through innovative projects and instruments such as micro-credit for rural entrepreneurs, self-help groups for economic empowerment of women, best practice interventions in primary education and technology interventions in rural health care delivery.

Scholarship Programme for Diaspora Children (SPDC)

The SPDC was launched in 2006-07 and is open to NRIs/PIOs from 40 countries with significant diaspora population. Under this scheme, 100 scholarships of up to USD 3,600 per month are awarded to PIO and NRI students for undergraduate courses in engineering, technology, humanities, liberal arts, commerce, management, journalism, hotel management, agriculture and animal husbandry, besides other courses. The SPDC scheme is open to NRIs and PIOs from more than 40 countries with a substantial Indian population.

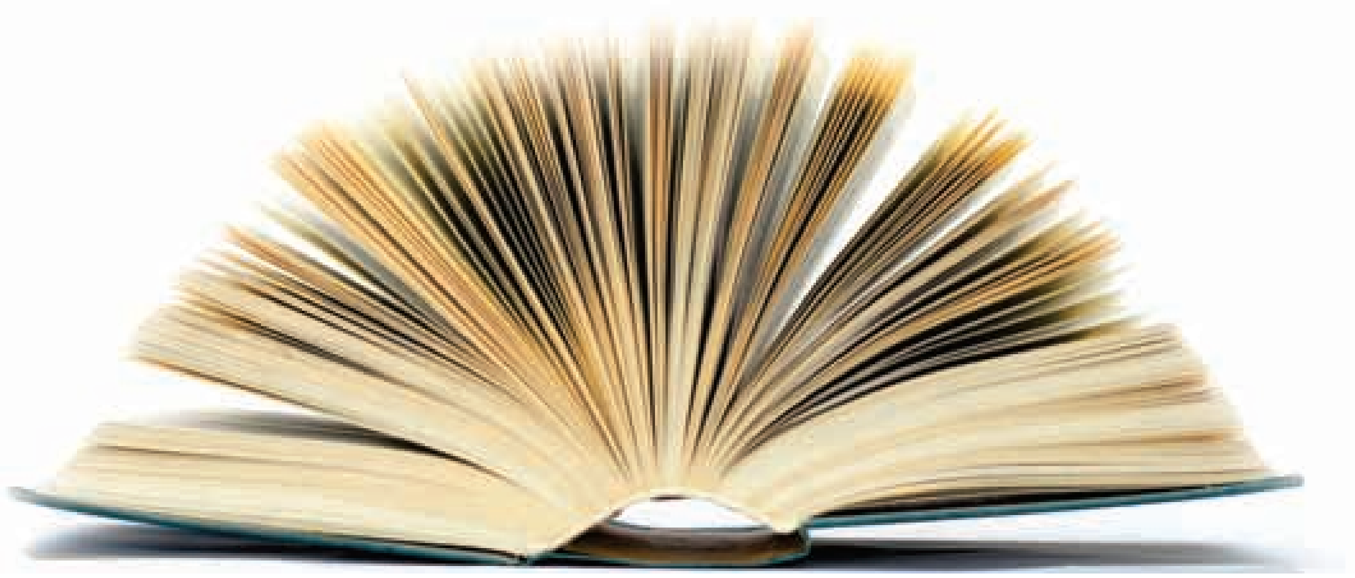
It is implemented by Educational Consultants India Limited EdCIL (India) Ltd., which is an autonomous body under the Ministry of Human Resource Development. The students have to apply for the scholarship and applications of those who meet the eligibility criteria are evaluated and shortlisted by a selection committee of officers from the concerned departments, viz. the Ministry of Human Resource Development, EdCIL (India) Ltd. and MOIA. Besides, the Government has also decided to scrap the Common Entrance Test for selecting the eligible candidates for the scholarship.

Direct Admission to Students Abroad (DASA)

DASA is a Government of India run scheme that provides deserving foreign nationals/PIOs/NRIs direct admission to undergraduate programs. EdCIL administers the scheme, which offers students the opportunity to pursue programs at the National Institute of Technology and other centrally funded institutes [other than the Indian Institutes of Technology (IITs)].

Reservation for NRIs at Indian educational institutions

The Government of India has approved a scheme to enable a supernumerary quota of 15% seats at all higher education institutes for foreign nationals/PIOs/children of Indian workers in the Gulf countries. There shall be no NRI fee and, in fact, the children of Indian workers in the Gulf countries shall be treated as equal to resident Indian citizens. For this purpose, the Government has drawn up a list of institutes along with the courses offered. The same can be viewed on the MOIA website.



Assistance for problems relating to Overseas Indian Marriages

The issue of Overseas Indian marriages falls within the purview of private international law that requires careful and meticulous handling. MOIA has taken initiatives to create awareness of problems associated with the Overseas Indian marriages. The Ministry has brought out a report on problems relating to NRI marriages titled "**Nowhere Brides**" that contains information on issues with NRI marriages, Indian legal precedence and so on.

MOIA has launched a scheme to provide financial assistance to women deserted by their Overseas Indian spouses for obtaining counseling and legal services. These services would be provided through Indian Women's Organisations/ Indian community Associations and NGOs that are on the panel of the Indian Missions/Posts in the USA, UK, Canada, Australia, New Zealand and the Gulf.

The Ministry has empanelled 25 NGOs with the Indian Missions/Posts overseas for this purpose and has disbursed a sum of ₹2,753,696 to the NGO through whom 47 women have benefited.

Voting Rights to Non-resident Indians

The Government has taken steps to have the Representation of People (Amendment) 2010 notified to provide voting rights to Overseas Indians. Through this, Indian passport holders residing overseas can register their names in the electoral roll of the constituency where the address mentioned in their passport falls. Pursuant to this, the overseas electors can participate in the Indian electoral process.

For registering in the electoral rolls, overseas Indian passport holders have to apply in the prescribed form to the concerned registration officer either directly or through post. The registration rules permit the overseas Indians to attest the supporting documents themselves.

Overseas Citizenship of India

Dual nationality has been a persistent demand of the Indian Diaspora that was addressed through the OCI scheme in 2005. This scheme provides for registration of all PIOs provided

- they were citizens of India on or after 26 January, 1950; or
- they were eligible to become citizens of Indian on 26 January, 1950; and,
- are citizens of other countries, except Pakistan and Bangladesh.

Under the OCI scheme, a registration certificate is given together with Universal visa sticker to the PIOs. The OCI scheme facilitates multiple entries, multi-purpose life-long visa to a registered PIO for visiting Indian and also provides exemption from registration with FRRO.

The OCI registration also provides other benefits such as parity with NRIs in inter-country adoption of Indian children, entry fee for visiting national monuments and museums, practising specified professions [doctors, dentists, nurses, pharmacists, advocates, architects and chartered accountants] and parity with resident Indians in domestic air tariffs.

However, it is to be noted that OCI is not dual nationality.

Indian Community Welfare Fund (ICWF)

The Government of India had set up an Indian community welfare fund in Indian missions in 17 ECR countries to provide assistance to Overseas Indians to tide over difficult times. It has since been decided to extend this fund to all the Missions around the world since it has been found to be very useful by the Indian Missions to help the Overseas Indian Community in distress.

The ICWF is designed to provide onsite, off-site and social security services to Overseas Indian workers. The range of services of ICWF includes:

- Boarding and lodging for distressed Overseas Indians in household / domestic sectors and unskilled labourers;
- Expenditure on and incidental to airlifting mortal remains to India or the local cremation or burial of the deceased Overseas Indians in such cases where the concerned person is either unable or unwilling to bear the cost;
- Extending emergency medical care to Overseas Indians;
- Providing air passage to stranded Overseas Indians;
- Providing initial legal assistance to Overseas Indians in deserving cases.

Tracing their roots

PIOs who want to trace the roots of their ancestors in India can apply through the Indian mission or post in the country of their residence.

State Government Initiatives for NRIs/PIOs

The Government of various States/ Union Territories (UTs) are undertaking several policy initiatives and measures to attract investments into their respective States. Few prominent sectors having potential for significant investment opportunities are agro based industries, drugs and pharmaceuticals, IT and ITES, and real estate.

There are separate NRI cells or facilitation centres for NRIs in OIFC Partner States, which are actively involved in several promotional activities so as to attract overseas Indians into the States/ UTs.

Assam

The Government of Assam is proposing to start a NRI cell in order to encourage the NRIs from Assam to strengthen their ties with the place of their origin. The progressive NRI community of the State desires to actively participate in the development of the State and work as a goodwill ambassador for the region. The State Government welcomes the initiatives by the NRIs of the State.

Further, to attract investments especially from NRIs, a separate cell – Industrial Investment Secretariat Cell (IISC) has been set up and a High Level Committee has been established to accord fast track clearance for investment proposals.

Useful contact details:

The Industrial Investment Secretariat Cell (IISC)

Department of Industries & Commerce

Government of Assam

Block C, 3rd Floor

Assam Secretariat

Dispur, Guwahati - 781 006

Phone/Fax: +91-361-2237256

Email: info@investinassam.com

Website: http://investinassam.com

Bihar

'Bihar Foundation' is an initiative of the Government of Bihar to realise the dream of a 'Better Bihar' through the participation of Non Resident Biharis (NRBs), Non Resident Indians (NRIs), Person of Indian Origin (PIOs) and others. Conceived to act as a platform to facilitate interaction between the Government of Bihar and the diaspora at multiple levels, the Foundation solicits ideas, investments and knowledge resources across sectors and verticals that can help in the development of Bihar.

The Government has launched Pravasi Majdoor Durghatna Bima Yojna Scheme, to compensate the family members, in case of accidental death of migrant labourer.

Useful contact details:

Bihar Foundation
6th Floor, Indira Bhawan,
R.C.S. Path, Patna
Ph: +91-612-2521371
Email: satyajit@biharfoundation.in
Website: www.biharfoundation.in

Gujarat

The Government of Gujarat has established NRI Division – Gujarat State Non Resident Gujaratis' Foundation, in order to make effective communication with NRIs of Gujarati origin. It is taking steps to survey and assess the technical and professional skills of the NRIs and also to enable the State to address the specific needs of Non Resident Gujaratis (NRGs). It is also involved in channelising the savings and surplus financial resources of the NRIs in the developmental programmes.

Some of the key facilities offered are listed below:

- **Gujarat Cards** – These are issued to Non-Resident Gujaratis residing outside India (at nominal fees) which offers special discounts in places like hotels, garment/jewellery outlets, and hospitals.
- **NRG Centres** – They provide comprehensive assistance for hospitals, hotels, travel, accommodation, seeking business/ educational opportunities, issuance of Gujarat cards, etc. In case of emergency/ grievances, these Centres can take up the concerns of NRIs with concerned authorities. At present, NRG centres are set up in Ahmedabad, Anand, Rajkot, Mehsana, Vadodara and Surat.
- **Gujarat Informatics Centre for Land (GICL)** - It is a special web gateway (www.gicl.in) which provides variety of information related to the real estate and property market.

Donations are also accepted from NRIs for advancement of infrastructure in the State. A book - 'VATAN SEVA' is specifically published to elucidate various proposed schemes of development. VATAN NI VATE is published giving the details of donors and distributed amongst the other NRGs with a motive to create awareness and interest in giving donations.

Useful contact details:

General Administration Department

NRI Division Block No.7/1st Floor, Sardar Bhavan

Gandhinagar

Ph: +91 79 23250474, 23250478

Email: ds-nri-gad@gujarat.gov.in

Website: www.nri.gujarat.gov.in

Gujarat State Non-Resident Gujaratis' Foundation

Block No.16, 3rd floor, Udhyog Bhavan,

Sector 11, Gandhinagar

Phone: +91 79 23238278

Email: mgr-nrgf-gad@gujarat.gov.in

Website: www.nri.gujarat.gov.in

Haryana

A Foreign Investment and NRI Cell has been created in the State to provide advisory services to attract foreign investment and address the concerns of NRIs.

The Government, through Haryana State Industrial & Infrastructure Development Corporation (HSIIDC), accords preferential allotment of industrial plots for projects set up by NRIs/ PIOs and for units having FDI of 33% or more in total investment. Besides this, 10% of plots in each estate developed are reserved for allotment to NRIs/ PIOs.

The State has set up Investment Promotion Centre (IPC) in New Delhi and Chandigarh, which assists entrepreneurs in submitting their applications for investment in the State. IPCs provide one-window facility for granting time bound approvals and clearances. A Composite Application Form has been prescribed which all departments/ authorities are mandated to accept for processing and disposal of application with stipulated timelines.

Useful Contact details:

Investment Promotion Centre, Delhi
C-8, Baba Kharagh Singh Marg
New Delhi-110001
Phone: +91 11 23364822, +91 11 23363628Email: ipc@haryanainvest.org
Website: www.haryanainvest.org

Haryana State Industrial & Infrastructure Development Corporation Limited,
Plot No: C-13-14, Sector 6,
Panchkula-134109, Haryana
Phone: +91-172-2590481, +91-172-2590482, +91-172-2590483
Fax: +91-172-2590474
E-mail: info@hsiidc.org

Jharkhand

The State Government has proposed to set up an NRI cell, which will work as an interactive platform and facilitate NRI/ PIO investors in setting up industries in the State. It will also help in redressal of NRI grievances and extend support to other enterprises of the State by facilitating their import-export with the help of NRIs/ PIOs.

The State also encourages NRI investment on priority basis in selected sectors such as infrastructure, power, mineral development, food processing, biotechnology, non-conventional energy etc. for benefit of NRI investors and the State.

Useful contact details:

NRI Cell
Jharkhand India
Dr K N Jha
Ph: +91 9934556689
Email: kashinjha@gmail.com

Single Window clearance
Mr. D P Vidyarthi
Ph: +91 9835504544
Email:dp.vidyarthi@gmail.com

Secretary
Department of Industry
Government of Jharkhand
3rd Floor, Nepal House
Doranda, Ranchi, Jharkhand, India
Email: sec-ind-jhr@nic.in

Karnataka

In order to assist the diaspora of Karnataka, the State Government has set up 'NRI Forum'. It provides information on socio-economic activities of the State and also manages investment across all potential sectors.

The NRI Forum has been formed to attract more investment in to the State, especially in the area of technology. The NRI Forum will facilitate investors among NRIs in setting up their ventures in the State.

The main aim of NRI Forum is to assist NRIs:

- with their requirements in India;
- for development and promotion of Karnataka's literature, cultural and heritage activities overseas; and
- for adoption of Educational Institutions in the backward areas of Karnataka so as to provide quality education to the children.

The NRI Forum also hopes to take advantage of the knowledge reservoir of Diaspora for development of the State.

Useful contact details:

NRI Forum Karnataka
Room No. 6 & 7, Vikas Soudha,
Bangalore – 560 001
Ph: +91 80 22034057, 22034058
Email: info@nriforumkarnataka.org
Website: www.nriforumkarnataka.org

Kerala

In order to ensure the welfare of the Non Resident Keralites (NRKs), address their grievances and safeguard their rights, the Government of Kerala has established a department called Non Resident Keralites Affairs Department (NORKA). It has been playing a vital role in the lives of NRKs, supporting them in times of need and lending them a helping hand in all possible ways.

Norka-Roots is the field agency of the Department of NORKA. It acts as an interface between the NRKs and the Government of Kerala and a forum for addressing the NRKs' problems and rehabilitating the returning NRKs.

Some of the welfare initiatives of the State through NORKA Roots for NRKs are:

- **Financial assistance/coverage**
  - Santhwana Scheme or Chairman Fund provides financial assistance for returning NRKs/ NRKs family members below poverty line to meet extreme financial needs. The scheme has disbursed approximately ₹ 1.39 crores in the period from April 2012 to March 2013.
  - Karunyam Scheme extends assistance for repatriation of the mortal remains of the NRK who expire abroad or in India (outside Kerala). The assistance is normally a onetime grant and reimbursed after the original payment is made by the applicant.
  - NRKs Welfare Fund grants pension, medical assistance, death benefit, insurance, housing and educational loan for its members.
  - Insurance coverage is provided to NRKs Identity card holders against accidental death, permanent or total and partial disability. This scheme has received an overwhelming support from NRKs.
- **Facilitating legal migration**
  - Job Norka portal was established to cater to the various job openings in the overseas employment market. It facilitates safe migration and helps in reducing the migration costs for the emigrants;
  - It conducts pre-departure orientation programme for overseas job aspirants to make them aware of the job situations abroad and imparts necessary information relating to visa, emigration rules, custom regulations, travel formalities, etc.;
  - It helps in creating a public awareness on illegal recruitment and visa cheating;
  - Skill up gradation training programmes have been established by Norka Roots to impart training to prospective emigrants;
  - Regional offices of NORKA Roots function as the Regional Authentication Centers and undertake authentication of educational certificates issued within the State and provides MEA, Apostil and Indian Diplomatic Missions attestation service to UAE and Kuwait.

- **Recent initiatives**
  - Call Center Facility has been introduced to impart information/ guidance on the various offices under the NORKA and on services, schemes and activities for NRKs. NRKs all over India can use the Toll free number 1800-425-3939 and NRKs abroad can use the number: 0091 471 2333339 for any assistance;
  - Roots cells will be set up in District Collectorates to address the genuine issue related to NRKs and NORKA.

Useful contact details:

NORKA Department

Government Secretariat

Thiruvananthapuram – 695 001

Ph: +91 471-2518182, 2518061

Email: ds@norka.kerala.gov.in

Website: www.norkaroots.net

NORKA-Roots (Head Office)
NORKA Centre, Thycaud
Thiruvananthapuram- 695014
Phone: 0471- 2332416, 2332452
Fax: 0471-2326263
Email: mail@norkaroots.net

Maharashtra

The Government of Maharashtra has made several policy announcements in order to set up the right kind of business climate in the State. These policy documents aim to motivate investors to invest into the various sectors of the State and thereby contribute to the overall development of the economy. They are endeavoured to remove various road blocks which hampers the industrial map of the State. They also envisage various incentives and schemes for the investors.

The most important being, the Industrial Policy, which has been formulated with a view to ensure all-round and sustainable growth of industry in the State, through innovative initiatives for development of key potential sectors. The objectives of the policy are to:

- Create the conducive industrial climate in the State;
- Provide global competitive edge to the State's industrial units;
- Achieve higher and sustainable economic growth with emphasis on balanced regional development;
- Generate employment opportunities;
- Encourage greater private and public investment in industrial and infrastructure development.

Useful contact details:

Maharashtra Industrial Development Corporation

Udyog Sarathi, Mahakali Caves Road,

Andheri(E), Mumbai-400 093

Phone: +91-22-26870052 / 54 / 73

Email: ceo@midcindia.org

Website: www.midcindia.org

Odisha

The State Government has offered a number of special incentives to promote rapid and effective industrialisation of the entire region. The State offers lands at concessional rate to be used for industrial set ups, and concessions on conversion of land from agriculture to industrial purpose. Some of the key policy initiatives undertaken or planned by the Government are highlighted below:

- The State Government is planning to form a policy to provide land for housing of the NRIs in the State Capital and other important places through the concerned urban development authorities and housing boards;
- It would also allocate land to large NRI industrialists to set up their corporation headquarters in the State capital and other locations on a preferential basis;
- It plans to reserve some seats in engineering, medical and other professional Institutions for children of NRIs setting up industries in the State;
- It shall provide assistance to NRIs for investment purposes.

Further, the State Government has set up following Non Resident Oriya (NROs) Facilitation Cells:

- Investment Promotion Corporation of Odisha Limited (IPICOL) (for investment promotion and other matters),
- Odisha Computer Application Centre (OCAC) (for IT and BPO related services)
- Resident Commissioner's Office at New Delhi (for general facilitation).

The Facilitation Cells for NROs extend full co-operation and support to the NROs in the growth and development of Odisha, respond to queries and proposals of the NROs and provide information and follow up support whatsoever the NROs need for the advancement of the State.

Useful contact details:-

Team Odisha

IPICOL House, Janpath

Bhubaneswar-751022

Orissa (India)

Phone: +91 674-2542601/02/03

E-mail: info@teamorissa.org

Website: www.teamorissa.org

Punjab

NRI Sabha Punjab was established in the State with the primary object of strengthening NRIs ties with the people and culture of the State. The main objectives of NRI Sabha are:

- Help the NRIs in protecting their rights in Punjab, especially in property related matters;
- Provide facilities to NRIs on their visit to Punjab;
- Pursue the interests of the NRIs with the State and Central Government;
- Help in investment of NRIs in Punjab for economic development;
- Maintain cultural and ethnic bonds of Punjab with the NRIs, especially with the new generation;
- Promote social welfare in Punjab by motivating the NRIs and their friends and relatives residing in Punjab;
- Provide a forum for NRIs, their friends and relatives living in Punjab and the Government to join and act together.

The Government of Punjab has set up the fast track Revenue Courts and NRI Police Stations to help speedy redressal of grievance of NRIs.

"Udyog Sahayak" (a special cell in the Directorate of Industries) advises and assists entrepreneurs in completing all the paper work and ensures time-bound clearance to all investment proposals from NRIs. Officers in Udyog Sahayak advise and assist entrepreneurs in completing all the paper work. It ensures that all the formalities regarding setting up of a unit are cleared as quickly as possible.

Useful contact details:-

NRI Sabha Punjab
Divisional Commissioner's office complex,
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Email: nrisabha@gmail.com
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Rajasthan

Rajasthan Foundation is an organisation set up by the Government of Rajasthan, which aims at strengthening bonds between Non Resident Rajasthani community and the State of their origin. The State launched a scheme – 'Jaane Apna Rajasthan' (Know your Rajasthan) to make the young NRIs familiarise themselves with the culture and traditions of Rajasthan.

Rajasthan Foundation is a platform through which eminent pravasi Rajasthanis have participated in the journey of socio-economic development of the State. It aims to facilitate NRIs in contributing to the growth and development of the State.

Useful contact details:

Rajasthan Foundation, Government of Rajasthan

Yojana Bhavan, Yudhister Marg, C-Scheme,
Jaipur, Rajasthan, India

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About Ministry of Overseas Indian Affairs

The Ministry of Overseas Indian Affairs is a young ministry established in May 2004. It is the focal Ministry for all matters relating to Overseas Indians comprising Persons of Indian Origin (PIO), Non-Resident Indians (NRIs) and Overseas Citizens of India (OCI).

Vision:

Foster sustainable, symbiotic and strategic engagements between India and Overseas Indians across the economic, social and cultural space that will best serve India as an emerging global power and meet the expectations of the Overseas Indian community as a significant constituency around the world.

Mission:

Establish a robust and vibrant institutional framework to facilitate and support mutually beneficial networks with and among Overseas Indians to maximize the development impact for India and enable Overseas Indians to invest in and benefit from the opportunities in India.

Objectives:

i. Facilitate sustained interaction of Overseas Indians with India and offer them a wide variety of services in economic, social and cultural matters.

ii. Extend institutional support for individual initiatives and community action to harness the knowledge, skills and investible resources of Overseas Indians to supplement the national development efforts.

iii. Transforming management of emigration through appropriate domestic interventions and international cooperation.

iv. Optimise service delivery of the Ministry.

v. Improve the Engagement with the professional bodies/associations of Overseas Indians.

Ministry of Overseas Indian Affairs

Government of India

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About Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the growth of industry in India, partnering industry and Government alike through advisory and consultative processes.

CII is a non-Government, not-for-profit, industry led and industry managed organisation, playing a proactive role in India's development process. Founded over 117 years ago, it is India's premier business association, with a direct membership of over 7,100 organisations from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 90,000 companies from around 250 national and regional sectoral associations.

CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialised services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organisations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, healthcare, education, livelihood, diversity management, skill development, empowerment of women, and water, to name a few.

The CII Theme for 2013-14 is Accelerating Economic Growth through Innovation, Transformation, Inclusion and Governance. Towards this, CII advocacy will accord top priority to stepping up the growth trajectory of the nation, while retaining a strong focus on accountability, transparency and measurement in the corporate and social eco-system, building a knowledge economy, and broad-basing development to help deliver the fruits of progress to all.

With 63 offices including 10 Centres of Excellence in India, and 7 overseas offices in Australia, China, France, Singapore, South Africa, UK, and USA, as well as institutional partnerships with 223 counterpart organisations in 90 countries, CII serves as a reference point for Indian industry and the international business community.

Confederation of Indian Industry

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About Deloitte

Globally

Deloitte provides audit, tax, consulting and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's more than 182,000 professionals are committed to becoming the standard of excellence. Deloitte's professionals are unified by a collaborative culture that fosters integrity, outstanding value to markets and clients, commitment to each other, and strength from cultural diversity. They enjoy an environment of continuous learning, challenging experiences, and enriching career opportunities. Deloitte's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities.

India

Deloitte is spread across thirteen locations and its 18,000 professionals take pride in their ability to deliver to clients the right combination of local insight and international expertise.

About OIFC

Overseas Indian Facilitation Centre (OIFC) was established in 2007 with the objective of supporting the Indian diaspora connect better with India and assisting them in deepening their economic and intellectual engagement with India. Ministry of Overseas Indian Affairs, Government of India, established OIFC, a Public Private Partnership, in association with Confederation of Indian Industry (CII), India's apex industry chamber.

OIFC has been uniquely constituted and positioned to serve as a single-point contact for the overseas Indians through its facilitation. Whether in areas of information, economic engagement, knowledge partnering, mentoring or building any other association with Indian states, OIFC helps the Indian diaspora, professionals and small/ mid-sized entrepreneurs build strong inter linkages with India, and thus effectively enabling them to build upon or expand their engagement with India.

OIFC enjoys the due credibility of serving Indians globally under the umbrella of the Government, the Ministry of Overseas Indian Affairs' (MOIA), the Confederation of Indian Industry (CII), coupled with the support of a network of 'Knowledge Partners', Indian states, Indian missions and Indian diaspora associations.

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Election Commission of India	Nirvachan Sadan, Ashoka Road, New Delhi-110001 Phone: 91- 011-23717391 | Fax: 91- 011-23713412 Website: www.eci.nic.in
National Securities Depository Limited	3rd Floor, Sapphire Chambers, Near Baner Telephone Exchange, Baner, Pune - 411 045. Phone: 91 20 2721 8080 | Fax: 91 20 2721 8081 Email: tininfo@nsdl.co.in Website: www.tin-nsdl.com
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Useful Websites

S.No.	Particulars	Website
1	Air India	http://home.airindia.in
2	Airports Authority of India	www.aai.aero
3	Bureau of Immigration	www.immigrationindia.nic.in
4	Business Knowledge Resource, Government of India	www.business.gov.in
5	Central Board of Excise and Customs	www.cbec.gov.in
6	Central Board of Secondary Education	cbse.nic.in
7	Confederation of Indian Industry	www.cii.in
8	Council for The Indian School Certificate Examinations	www.cicse.org
9	Delhi Metro Rail Corporation	www.delhimetrorail.com
10	Department of AYUSH	http://indianmedicine.nic.in
11	Department of Education & Literacy	http://education.nic.in
12	Directorate of Income Tax (e-filing of tax return)	https://incometaxindiaefiling.gov.in
13	Economist Intelligence Unit	www.eiu.com
14	Educational Consultants India Limited	www.edcilindia.co.in
15	Election Commission of India	www.eci.nic.in
16	Employees' Provident Fund Organisation	www.epfindia.com
17	Employees' State Insurance Corporation	http://esic.nic.in
18	Income Tax Department of India	www.incometaxindia.gov.in
19	India Brand Equity Foundation	www.ibef.org
20	India Post	www.indiapost.gov.in
21	Indian Railways	www.indianrailways.gov.in ; www.indianrail.gov.in; www.irctc.co.in
22	Indian visa	https://www.indianvisaonline.gov.in/visa/
23	Indian Workers' Resource Centre	www.iwrc-uae.com
24	Insurance Regulatory and Development Authority	www.irda.gov.in
25	Just dial	www.justdial.com
26	Maps of India	www.mapsofindia.com

27	Ministry of Corporate Affairs	www.mca.gov.in
28	Ministry of Home Affairs	www.mha.nic.in
29	Ministry of Overseas Indian Affairs	www.moia.gov.in
30	National Securities Depository Limited	www.tin-nsdl.com
31	National Stock Exchange	www.nse-india.com
32	New Pension Scheme	www.pfrda.org.in
33	National Portal of India	www.india.gov.in/
34	Online Indian visa application	https://www.indianvisaonline.gov.in
35	Overseas Indian Facilitation Centre	www.oifc.in
36	Overseas Worker Resource Centre	http://www.owrc.in
37	Planning Commission, Government of India	www.planningcommission.nic.in
38	Press Information Bureau, Government of India	www.pib.nic.in
39	Reserve Bank of India	www.rbi.org.in
40	Science & Technology Professionals of Indian diaspora	http://stio.nic.in
41	Securities and Exchange Board of India	www.sebi.gov.in
42	timescity.com	http://timescity.com

Glossary

List of Abbreviations

AAR	Advance Rulings	**LED**	Light-emitting Diode
ABLE	Association of Biotech Led Enterprises	**LRS**	Liberalised Remittance Scheme
AD	Authorised Dealer	**MEA**	Ministry of External Affairs
ADB	Asian Development Bank	**MNC**	Multi-National Company
AFC	Assam Financial Corporation	**MOIA**	Ministry of Overseas Indian Affairs
AIDC	Assam Industrial Development Corporation	**MOU**	Memorandum of understanding
AIIDC	Assam Industrial Infrastructure Development Corporation	**MSME**	Micro, Small and Medium Enterprises
AIIMs	All India Institute of Medical Sciences	**MTO**	Money Transfer Operator
AISRF	Australia- India Strategic Research Fund	**MTSS**	Money Transfer Service Scheme
ARC	Asset Reconstruction Company	**NASSCOM**	National Association of Software and Services Companies
ATM	Automatic Teller Machine	**NBFC**	Non-Banking Financial Company
AYUSH	Department of Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy	**NIELIT**	National Institute of Electronics and Information Technology
BOI	Bank of India	**NORKA**	Non Resident Keralites Affairs Department
BOP	Balance of Payment	**NRB**	Non-Resident Biharis
CA	Chartered Accountant	**NCR**	National Capital Region
CAGR	Compound Annual Growth Rate	**NRE**	Non Resident External
CCI	Cabinet Committee of Infrastructure	**NRG**	Non-Resident Gujaratis
CCS	Cabinet Committee on Security	**NRI**	Non-Resident Indian
CDC	Commonwealth Development Corporation	**NRKs**	Non-Resident Keralites

CII	Confederation of Indian Industry	**NRO**	Non-Resident Ordinary
CST	Central Sales Tax	**NSTEDB**	National Science & Technology Entrepreneurship Development Board
CVD	Customs in lieu of Excise	**OCAC**	Odisha Computer Application Centre
DEA	Department of Economic Affairs	**OCB**	Overseas Corporate Bodies
DEG	Deutsche Entwicklungs Gescelscchaft	**OGL**	Open General Licensing
DIPA	Durban Investment Promotion Agency	**PIB**	Press Information Bureau
DIPP	Department of Industrial Policy & Promotion	**PINS**	Portfolio Investment Scheme
ECB	External Commercial Borrowings	**PIO**	Person of Indian Origin
EHTP	Electronics Hardware Technology Park	**PIS**	Portfolio Investment Scheme
EOU	Export Oriented Units	**PLIM**	Pharmacopoieal Laboratory of Indian Medicine
EPIP	Export Promotion Industrial Park	**PNB**	Punjab National Bank
FCNR	Foreign Currency Non – Resident Account	**PPF**	Public Provident Fund
FDI	Foreign Direct Investment	**PPP**	Public Private Partnership
FEMA	Foreign Exchange Management Act	**PSU**	Public Sector Undertaking
FERA	Foreign Exchange Regulation Act	**R & D**	Research and Development
FII	Foreign Institutional Investment	**RIKEN**	Rikagaku Kenkyūjo
FIIA	Foreign Investment Implementation Authority	**RBD**	Research Based Development
FIPB	Foreign Investment Promotion Board	**RBI**	Reserve Bank of India
FTZ	Free Trade Zone	**REIT**	Real Estate Investment Trust
GDP	Gross Domestic Product	**S & T**	Science and Technology
GICL	Gujarat Informatics Centre for Land	**SAD**	Special Additional Duty of Customs in lieu of Sales tax
GSDP	Gross State Domestic Product	**SAR**	Special Administrative Region
GoI	Government of India	**SC**	Scheduled Caste
GOPIO	Global Organisation of People of Indian Origin	**SEBI**	Securities and Exchange Board of India
HRD	Human Resource Development	**SEZ**	Special Economic Zone

HSIIDC	Haryana State Industries and Infrastructure Development Corporation Ltd	**SIA**	Secretariat for Industrial Assistance
IBEF	India Brand Equity Foundation	**SIDBI**	Small Industries Development Bank of India
IBPC	Indian Business and Professional Council	**SME**	Small and Medium Enterprises
ICCC	Indo-Canada Chamber of Commerce	**ST**	Scheduled Tribe
ICICI	Industrial Credit and Investment Corporation of India	**STP**	Software Technology Parks
ICT	Information & Communications Technology Policy	**STT**	Securities transaction tax
IDF	Infrastructure Debt Funds	**SWF**	Sovereign Wealth Funds
IFC	International Finance Corporation	**SWIFT**	Society for Worldwide Interbank Financial Telecommunication
IGC	Industrial Growth Centres	**TB**	Tuberculosis
IIFCL	India Infrastructure Finance Company Limited	**TBI**	Technology Business Incubator
IIT	Indian Institute of Technology	**TDR**	Transferable Development Rights
IPC	Investment Promotion Centres	**TKDL**	Traditional Knowledge Digital Library
IISC	Industrial Investment Secretariat Cell	**TNC**	Trans-national Corporations
₹	Indian Rupees	**UK**	United Kingdom
IPICOL	Investment Promotion Corporation of Odisha Limited	**UKTI**	UK Trade & Investment
IPO	Initial Public Offering	**UNCATD**	United Nation Conference on Trade and Development
IT	Information technology	**USA**	United States of America
IT Act	Income tax Act, 1961	**USD**	United States Dollar
ITeS	Information Technology enabled Services	**UT**	Union Territories
ITIR	Information Technology Investment Region	**VAT**	Value Added Tax
JV	Joint Venture	**WOS**	Wholly Owned Subsidiaries
KSIDC	Kerala State Industrial Development Corporation	**WTO**	World Trade Organisation
LCD	Liquid-crystal Display		

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