

# The India Growth Story

*from potential to reality*

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April 2023

Prepared by



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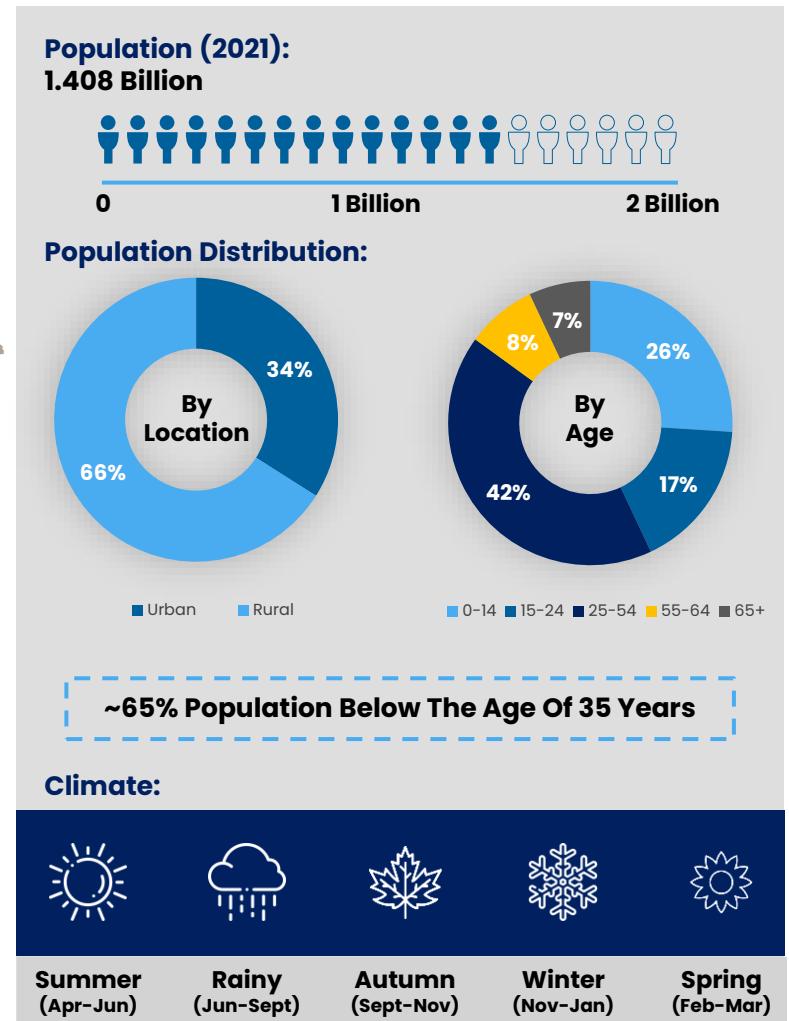
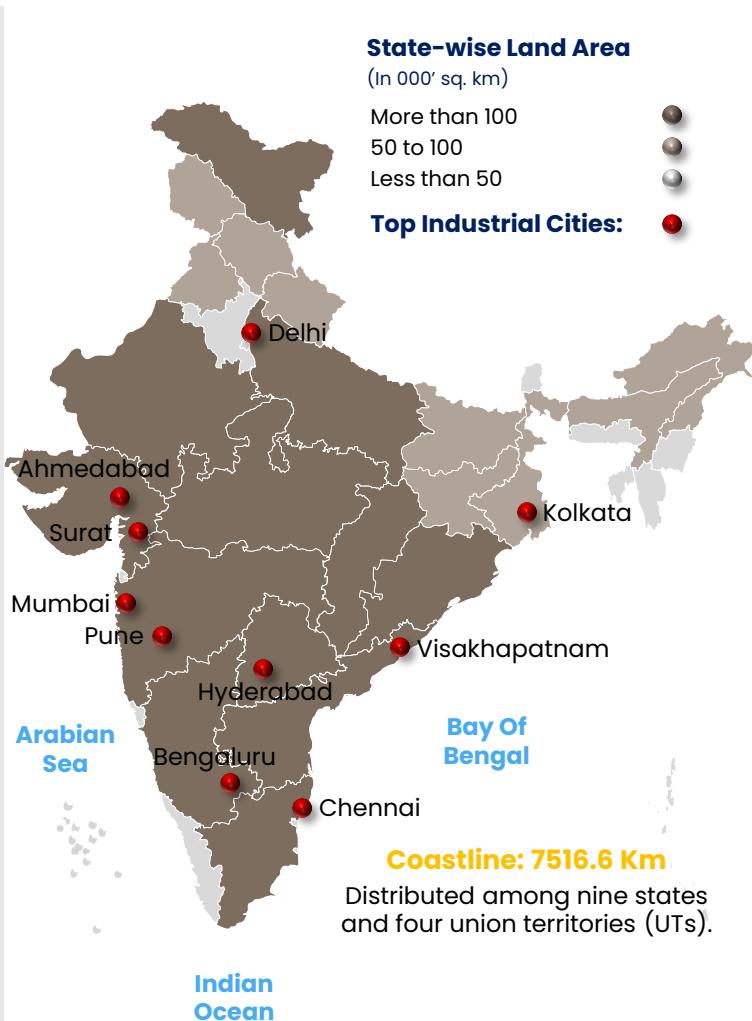
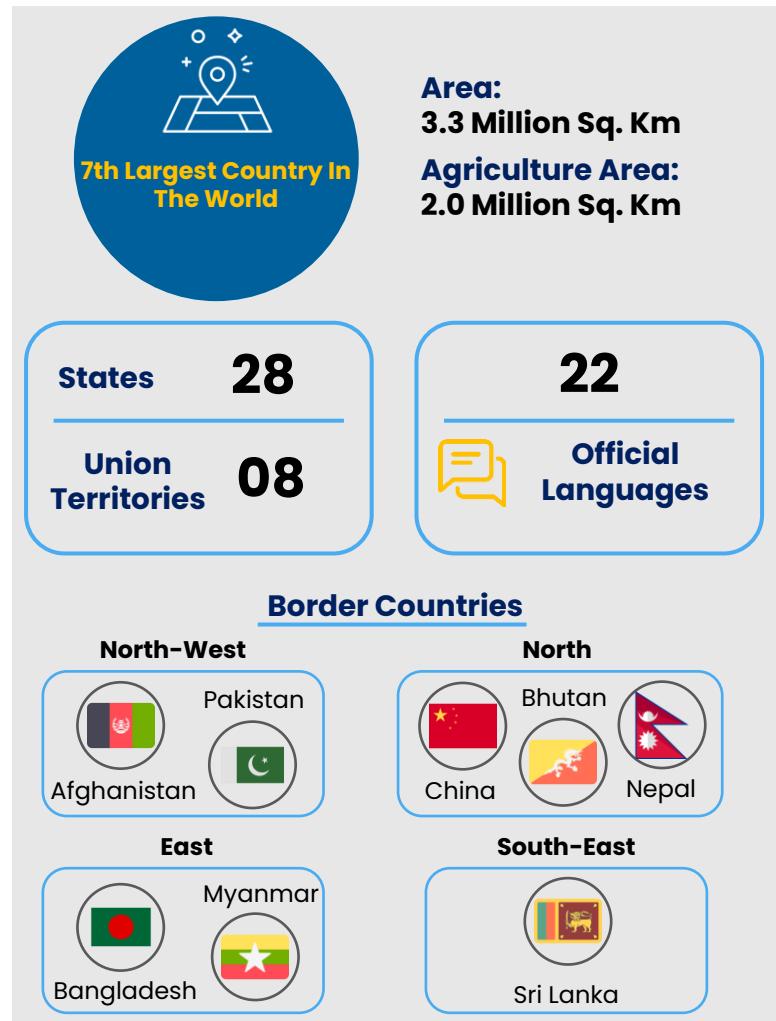
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# 01 Demography



# Demographics (1/2)

## INDIA'S YOUTH DEMOGRAPHIC: A POTENTIAL POWERHOUSE



# Demographics (2/2)

INDIA'S GEOGRAPHIC DEMOGRAPHICS PLAYS A KEY FACTOR IN ITS ECONOMIC GROWTH



## Indian Rivers

**8**  
River Systems  
Rivers

**400+**

**80%**  
population depends on major rivers

### Top 10 Rivers with Length (In India only)

|              |          |
|--------------|----------|
| Ganges       | 2,545 Km |
| Godavari     | 1,465 Km |
| Krishna      | 1,400 Km |
| Narmada      | 1,313 Km |
| Yamuna       | 1,211 Km |
| Indus        | 1,114 Km |
| Brahmaputra* | 916 Km   |
| Mahananda    | 851 Km   |
| Kaveri       | 800 Km   |
| Tapi         | 724 Km   |

\* From the Brahmaputra's source in the Himalayas to where it joins the Ganges River, around 2,900 km, the two rivers' combined waters pour into the Bay of Bengal. The Brahmaputra passes through the Tibet Autonomous Region of China, the Indian states of Arunachal Pradesh and Assam, and Bangladesh.

Source: Know India, The Hindu, PIB



## Indian Mountains

**7**  
Mountain Ranges  
named mountains

**13,857**

**8,586 m**  
Kanchenjunga, tallest mountain in India

### Mountain Ranges in India with their length

|   |          |
|---|----------|
| The Himalayan Mountains:                  | 2,500 km |
| Karakoram & Pir Panjal Range              | 500 Km   |
| Purvanchal Range / Eastern Mountain Range | 1,000 Km |
| Vindhya & Satpura Ranges                  | 1,086 km |
| Aravali Range                             | 5,60 Km  |
| Eastern Ghats                             | 1,131 Km |
| Western Ghats                             | 1,600 km |



## Desert & Coastal

**205,000**  
square Km desert

**7516.6** km  
long coastal line



## Forest and Tree

**80.9** mn  
hectares

**24.62%**  
of the total area

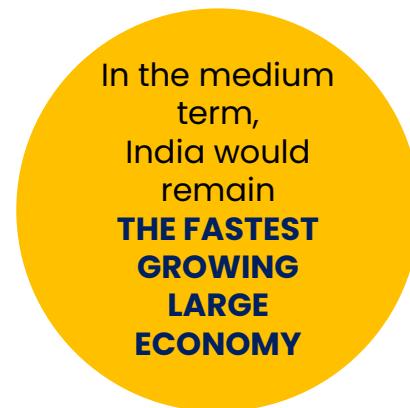
- 17 States and Union Territories had more than 33% of their area under forest cover
- Madhya Pradesh (77,414 sq. km) had the largest forest cover, followed by Arunachal Pradesh, Chhattisgarh, Odisha and Maharashtra.
- The top five States in terms of forest cover as a percentage of their total geographical area were Mizoram (84.53%), Arunachal Pradesh (79.33%), Meghalaya (76%), Manipur (74.34%) and Nagaland (73.90%).

## 02 Economy



# Economy Overview

\$26 TRILLION GDP BY 2047-2048 WITH SIX-FOLD INCREASE IN PER CAPITA INCOME



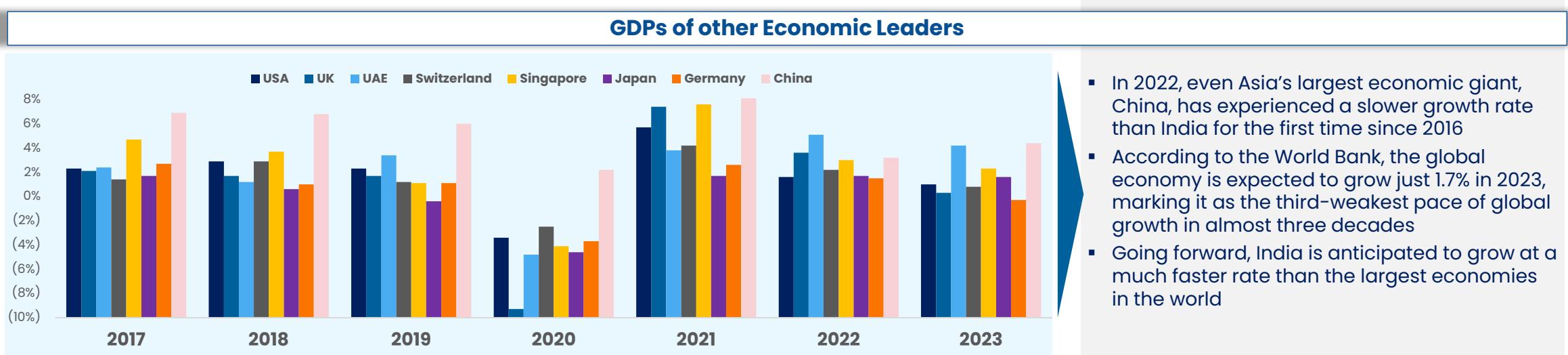
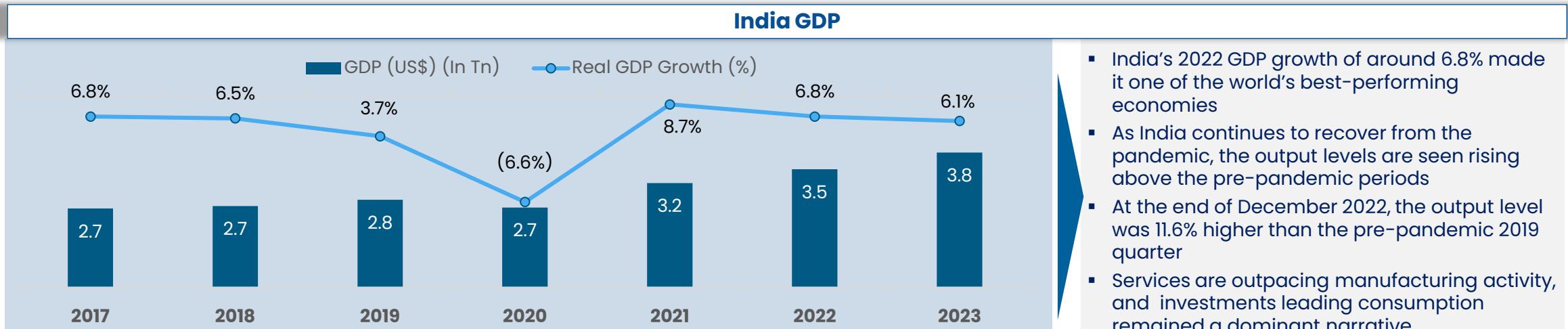
India celebrated its 75th anniversary of independence in 2022.

Milestones like these not only give an opportunity to celebrate the achievements of the past but are also an occasion to envisage a vision for the country.

The Government of India has set for itself the goal of becoming a "developed" economy by 2047.

# GDP

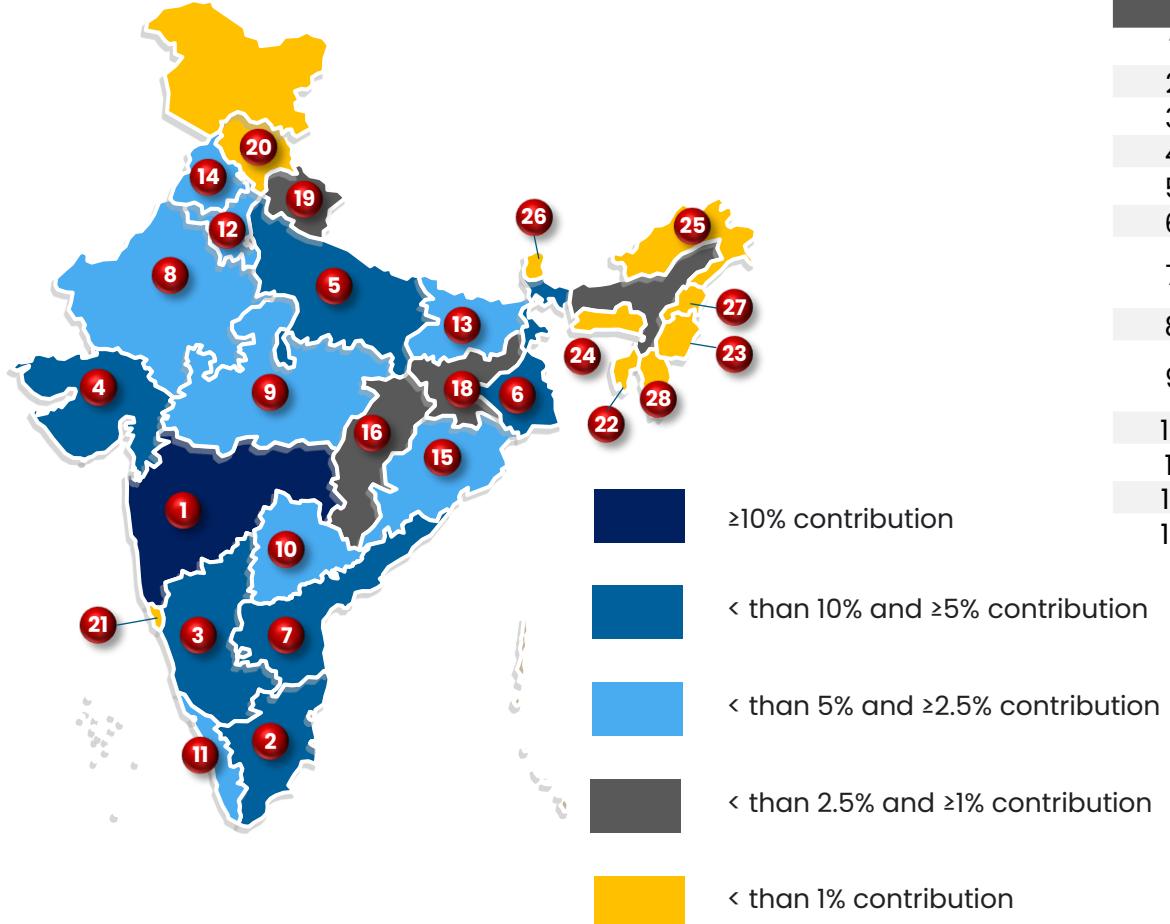
INDIA TO MAINTAIN A STABLE YET MODEST GROWTH RATE AVERAGING ~ 6% P.A.



Source: IMF, RBI, World Bank

# State wise GDP

THE TOP SIX STATES CONTRIBUTE MORE THAN 50% TO INDIA'S GDP.

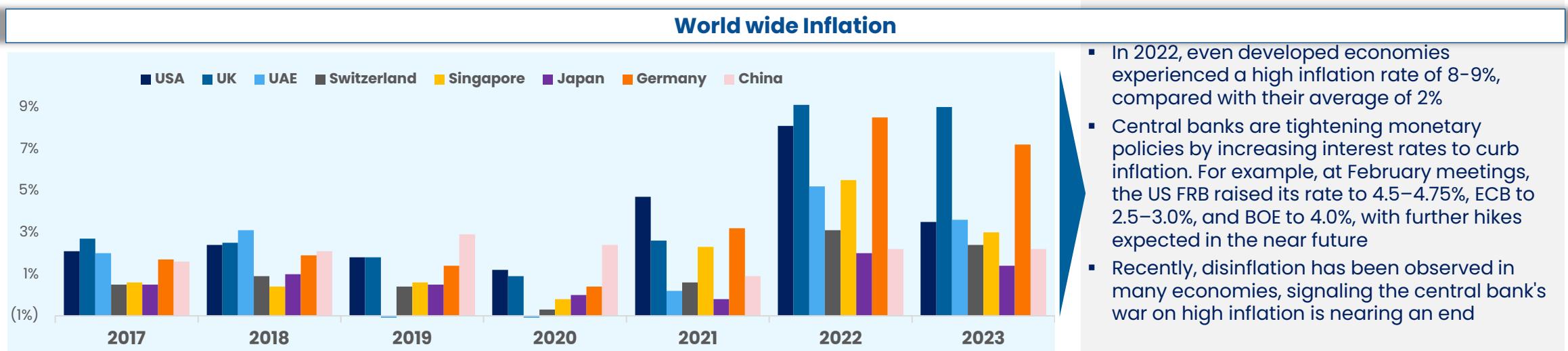
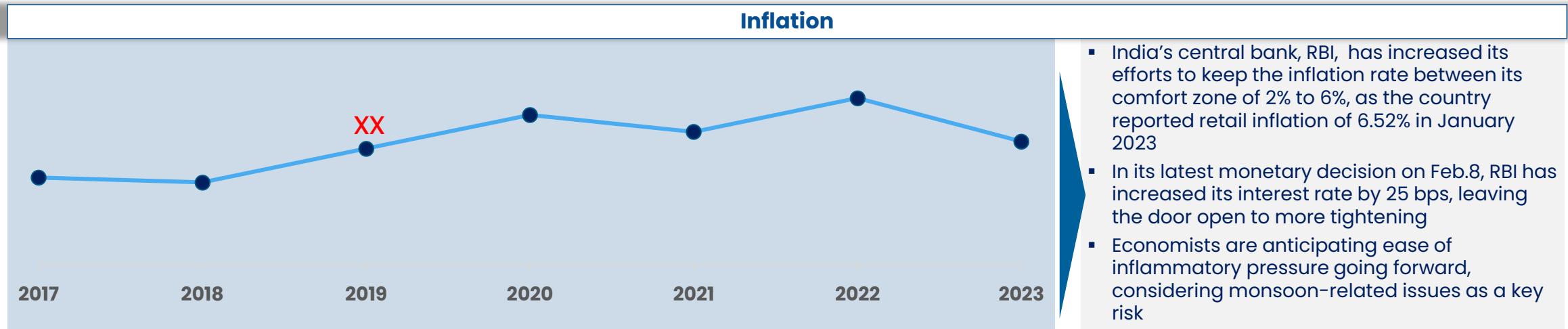


| Sl. No. | States         | GDP Contribution |
|---------|----------------|------------------|
| 1       | Maharashtra    | 12.9%            |
| 2       | Tamil Nadu     | 8.7%             |
| 3       | Karnataka      | 8.5%             |
| 4       | Gujarat        | 7.9%             |
| 5       | Uttar Pradesh  | 7.7%             |
| 6       | West Bengal    | 6.4%             |
| 7       | Andhra Pradesh | 5.0%             |
| 8       | Rajasthan      | 4.9%             |
| 9       | Madhya Pradesh | 4.8%             |
| 10      | Telangana      | 4.7%             |
| 11      | Kerala         | 3.9%             |
| 12      | Haryana        | 3.7%             |
| 13      | Bihar          | 2.9%             |

| Sl. No. | States            | GDP Contribution |
|---------|-------------------|------------------|
| 14      | Punjab            | 2.5%             |
| 15      | Odisha            | 2.5%             |
| 16      | Chhattisgarh      | 1.7%             |
| 17      | Assam             | 1.6%             |
| 18      | Jharkhand         | 1.5%             |
| 19      | Uttarakhand       | 1.1%             |
| 20      | Himachal Pradesh  | 0.7%             |
| 21      | Goa               | 0.4%             |
| 22      | Tripura           | 0.3%             |
| 23      | Manipur           | 0.2%             |
| 24      | Meghalaya         | 0.2%             |
| 25      | Arunachal Pradesh | 0.2%             |
| 26      | Sikkim            | 0.1%             |
| 27      | Nagaland          | 0.1%             |
| 28      | Mizoram           | 0.1%             |

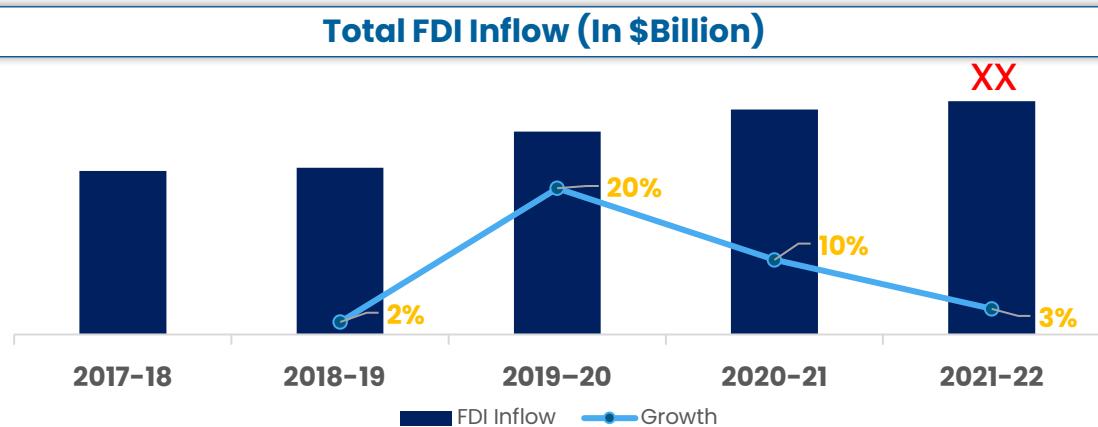
# Inflation

INDIA MANAGED TO KEEP THE INFLATION UNDER CONTROL HISTORICALLY

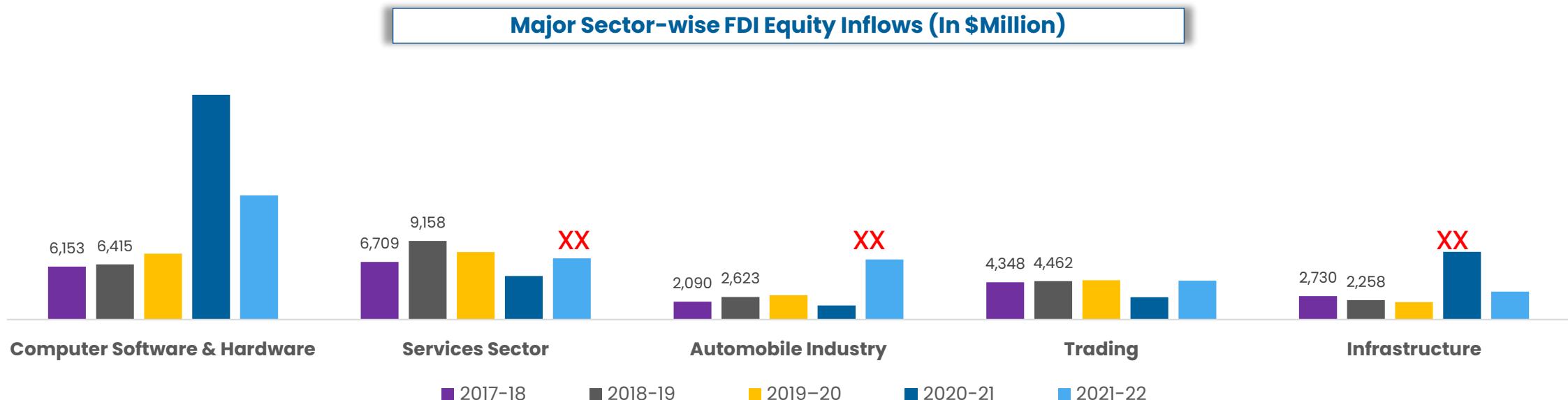


Source: IMF

# India's FDI Inflow



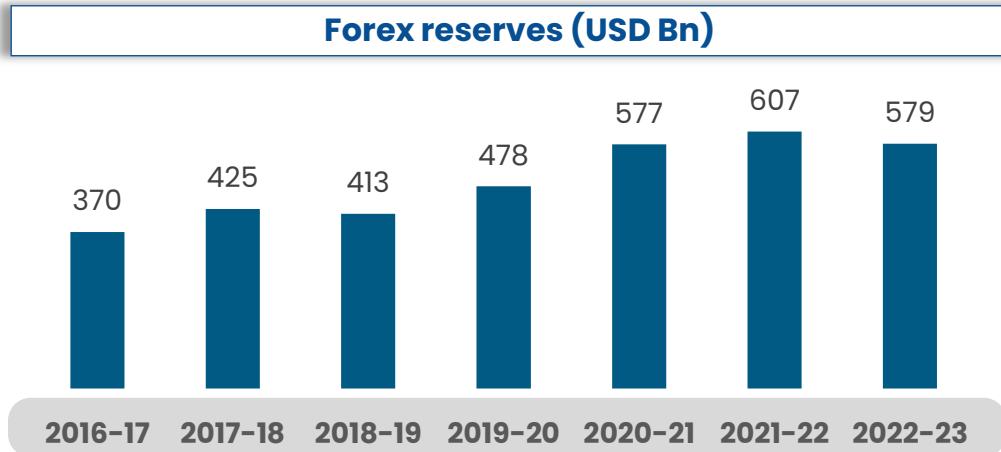
- India's FDI inflow has consistently increased over the years and became a part of the top 100 clubs on Ease of Doing Business
- In FY 2022, India received the highest-ever FDI inflows of \$84.8 billion, including \$7.1 billion in FDI equity inflows in the service sector
- The Indian Government has taken several steps, such as the launch of the National Single-Window system, a one-stop solution for approvals and clearance needed by investors, entrepreneurs, and businesses, to boost investments



Source: DPIIT

# Foreign Exchange Reserve

THE FOREIGN EXCHANGE RESERVES TOUCHED ALL-TIME HIGH OF \$ 645 BILLION



## Key Highlights

**335X** rise since Independence

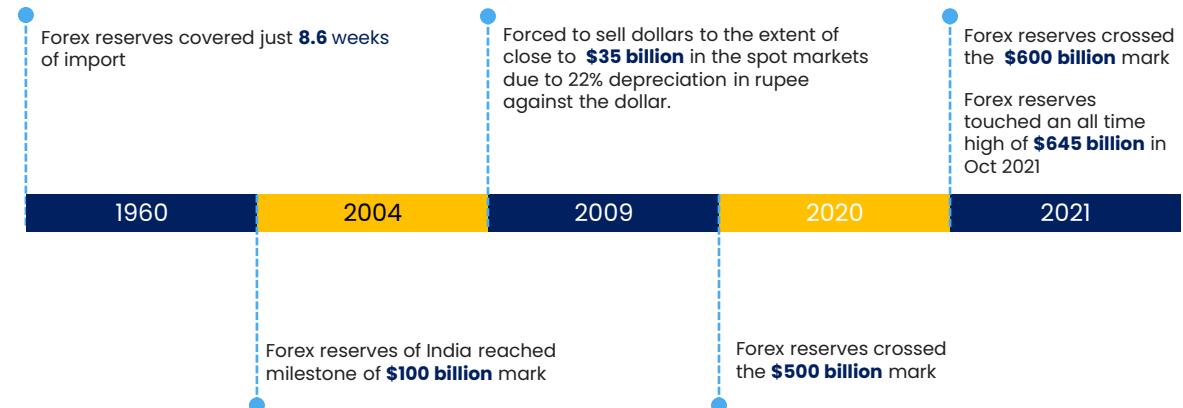
**60X** rise in forex reserves since the 1990s

**5th** largest foreign-exchange reserves in the world

## Recent Update

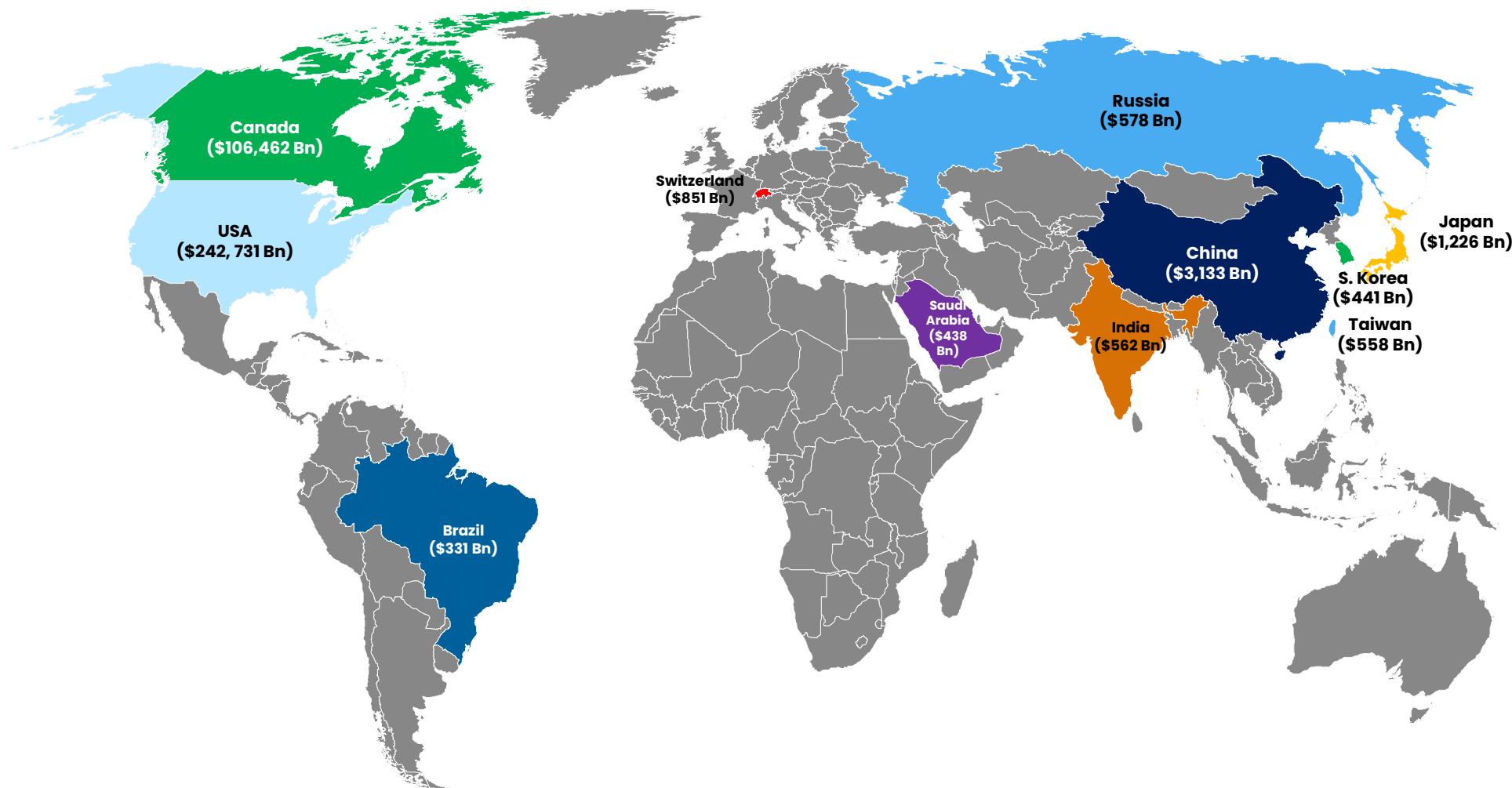
- ▶ India has been able to continuously strengthen its foreign reserve over the years, with the highest reserves of \$645 Bn reported in Oct-2021.
- ▶ Recently, India has experienced some weakness in its foreign reserve build, dragging its reserve to a three-month low of \$560 Bn as on March 10, 2023.
- ▶ RBI has been selling US dollars to protect the rupee valuation while defending the currency from extreme volatility

## Forex Milestones



# Foreign Exchange Reserve – Comparison

INDIAN FOREIGN RESERVE SURGE AHEAD OF OTHER EMERGING ECONOMIES

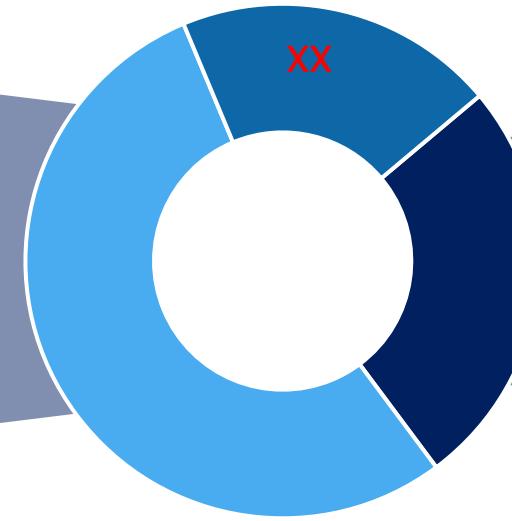
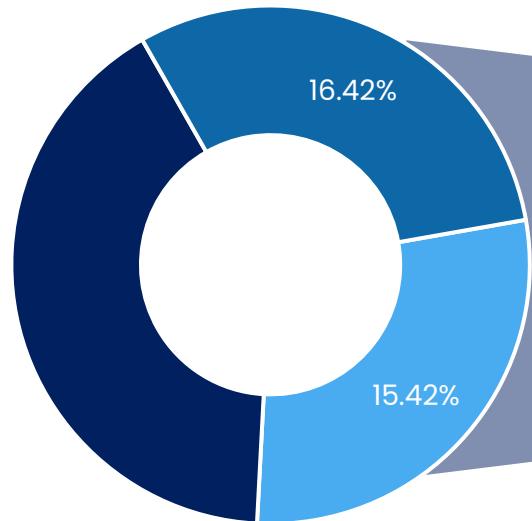


Source: RBI, IMF

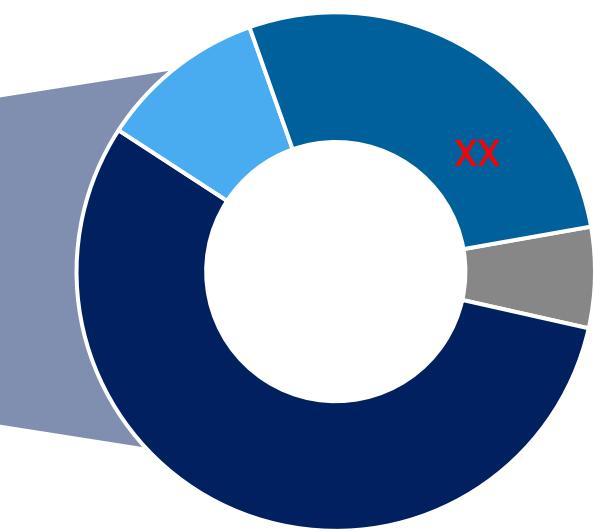
# Sector-wise GDP of India

THE SERVICES SECTOR ACCOUNTS FOR 53.89% OF TOTAL GDP IN 2021

**Service Sector  
Bifurcation**



**Industrial Sector  
Bifurcation**



- Trade, hotels, transport, communication and services related to broadcasting
- Financial, real estate & prof services
- Public Administration, defense and other services

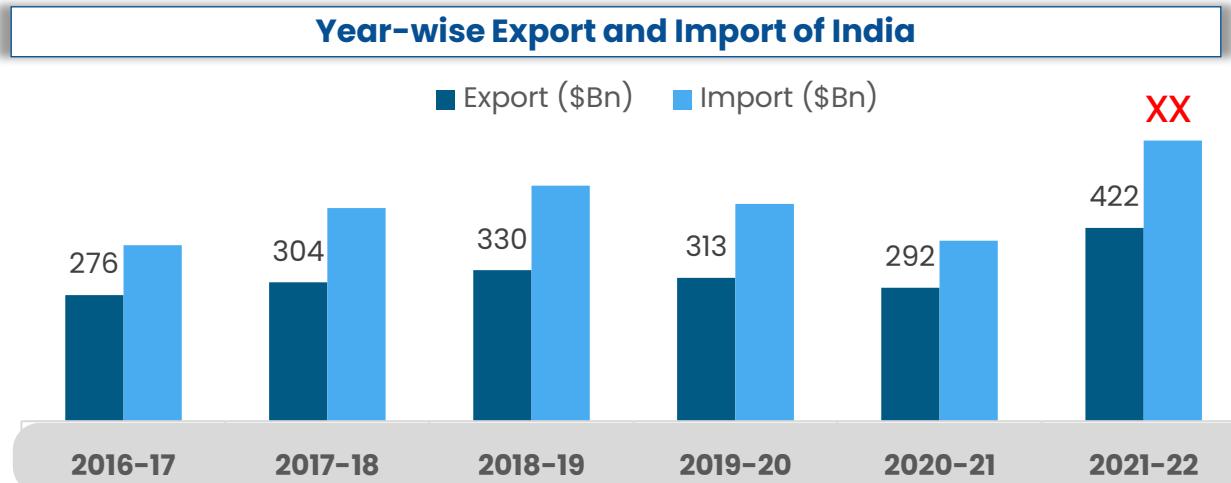
- Industry Sector
- Agriculture Sector
- Services Sector

- Manufacturing
- Construction
- Electricity, gas, water supply & other utility services
- Mining & quarrying

Source: StatisticsTimes

# Export Import

INDIA EXPORTS ~7,500 COMMODITIES TO 190 COUNTRIES, & IMPORTS ~6,000 COMMODITIES FROM 140 COUNTRIES



01

India's international trade crossed the \$1 Tn mark for the first time in FY 2022, with an all-time high annual merchandise export of \$422 Bn.

02

The country has been diversifying its export destinations in countries like South Africa, Brazil, and Saudi Arabia, aiming to reduce dependency on the US and China.

03

Ongoing trade negotiations with the UK, EU, Canada, Israel, etc., will help it further strengthen its export networks.

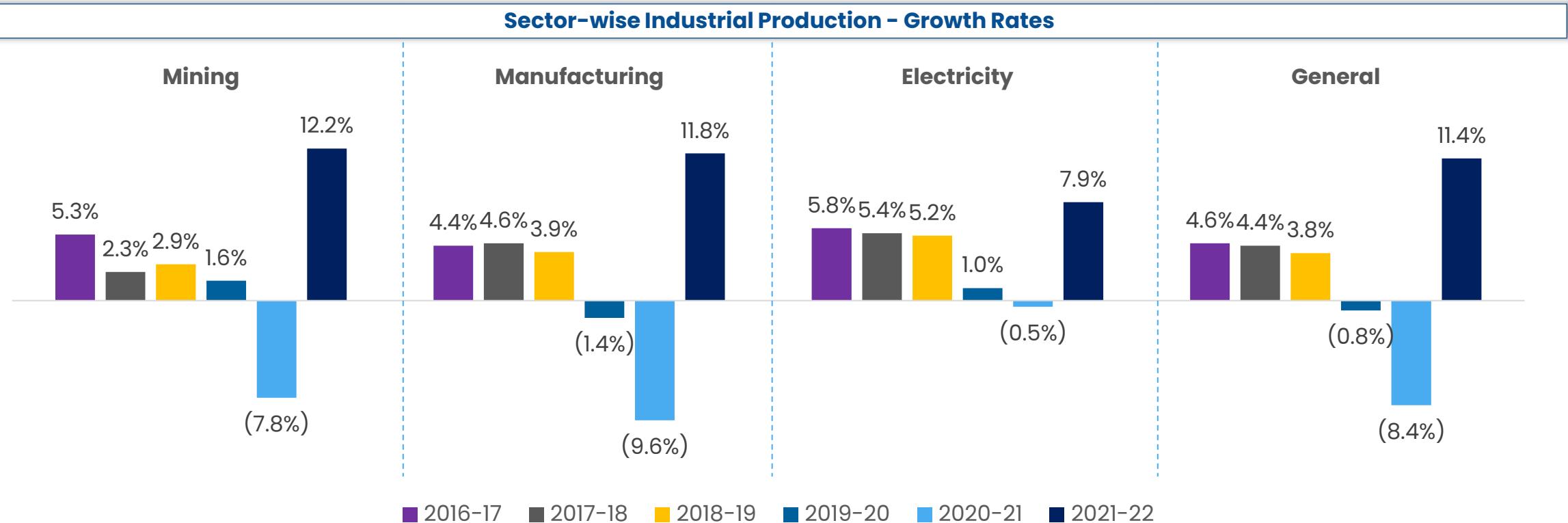
04

India's trade deficit with China also reached record-high levels in 2022, with 14% of the country's imported goods being from China.

|                  | Export | Import |                        | Export | Import |                      | Export | Import |                        | Export | Import |                         | Export | Import |
|------------------|--------|--------|------------------------|--------|--------|----------------------|--------|--------|------------------------|--------|--------|-------------------------|--------|--------|
| <b>USA</b><br>   | 18.0%  | 7.1%   | <b>Bangladesh</b><br>  | 3.8%   | 0.3%   | <b>Hong Kong</b><br> | 2.6%   | 3.1%   | <b>Germany</b><br>     | 2.3%   | 2.4%   | <b>Saudi Arabia</b><br> | 2.1%   | 5.6%   |
| <b>UAE</b><br>   | 6.6%   | 7.3%   | <b>Netherlands</b><br> | 3.0%   | 0.7%   | <b>U.K.</b><br>      | 2.5%   | 1.1%   | <b>Iraq</b><br>        | 0.3%   | 5.2%   | <b>Indonesia</b><br>    | 2.0%   | 2.9%   |
| <b>China</b><br> | 5.0%   | 15.4%  | <b>Singapore</b><br>   | 2.6%   | 3.1%   | <b>Belgium</b><br>   | 2.4%   | 1.6%   | <b>Switzerland</b><br> | 0.3%   | 3.8%   | <b>South Korea</b><br>  | 1.9%   | 2.9%   |

Source: RBI

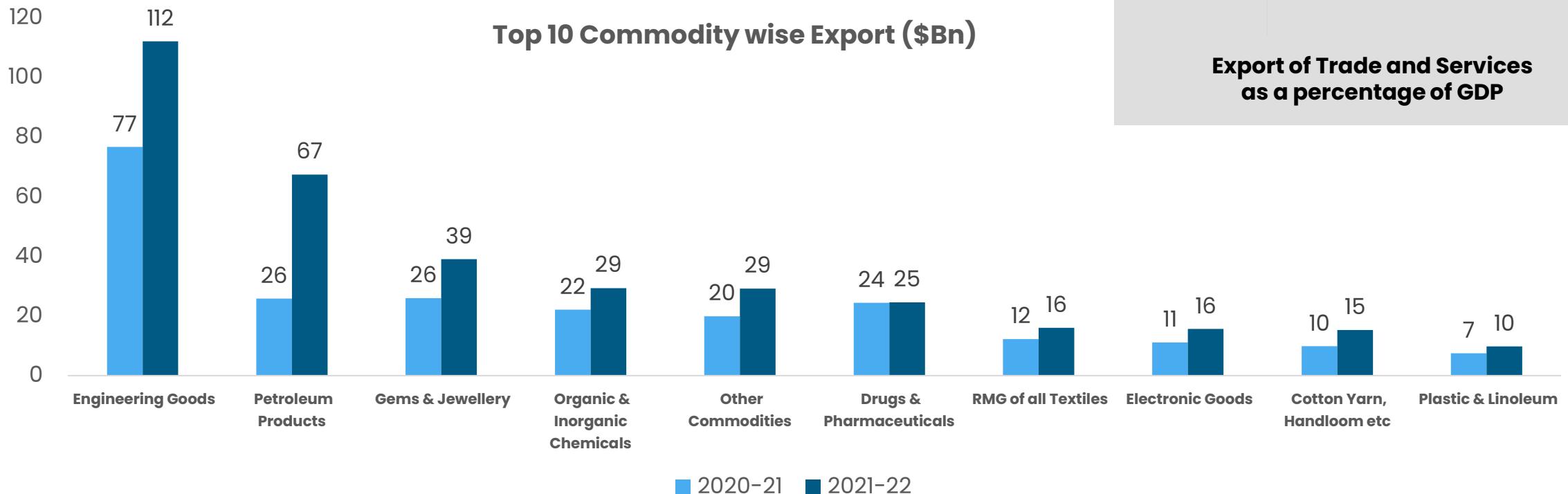
# Sector-wise Production



- After experiencing a slowdown during the pandemic, India's industrial output is strongly recovering
- Although in recent months, the country's industrial output has been impacted by the softness in global demand and rising interest rates
- Despite that, economists are forecasting continued strong growth in industrial output following a recovery in rural demand

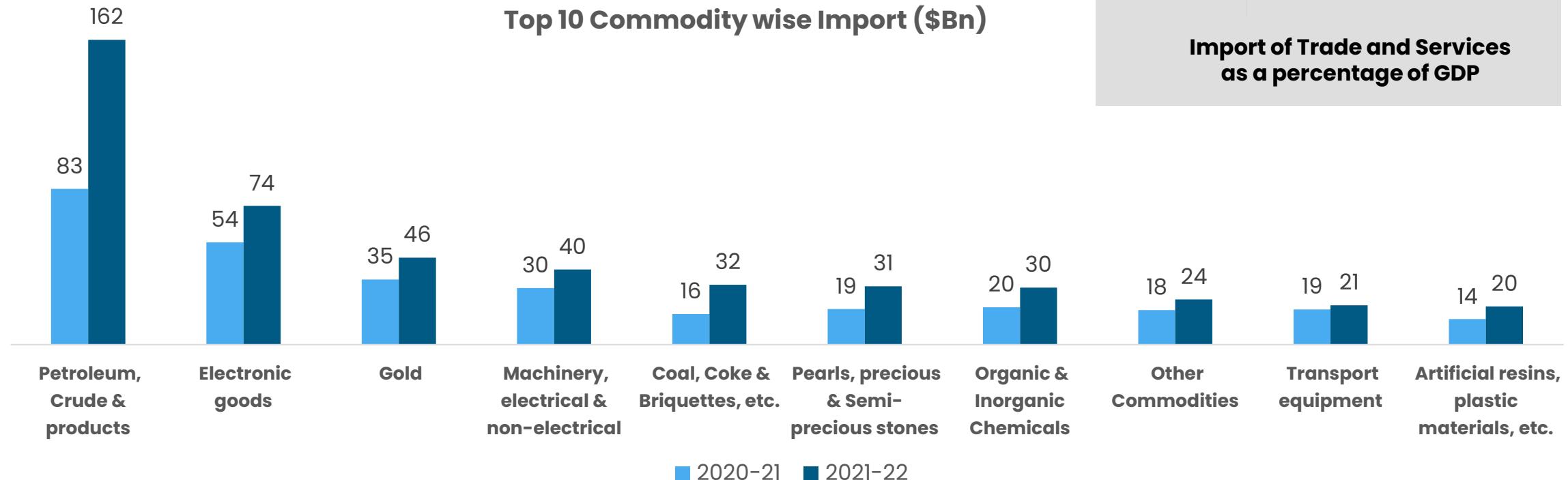
# Commodity wise Export

Indian Government released a new five-year trade policy on 31<sup>st</sup> March 2023, aiming to promote the country's outbound shipments of Goods & Services.



# Commodity wise Import

India is ramping up its effort to curb non-essential imports to narrow its trade deficit.



# 03 Industries



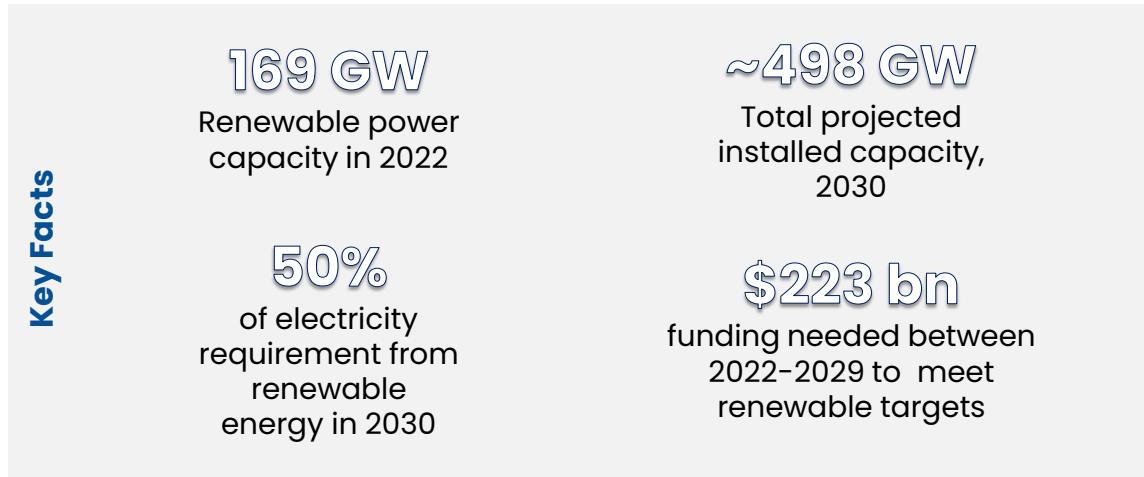
## 03 Industries

- Renewable Energy

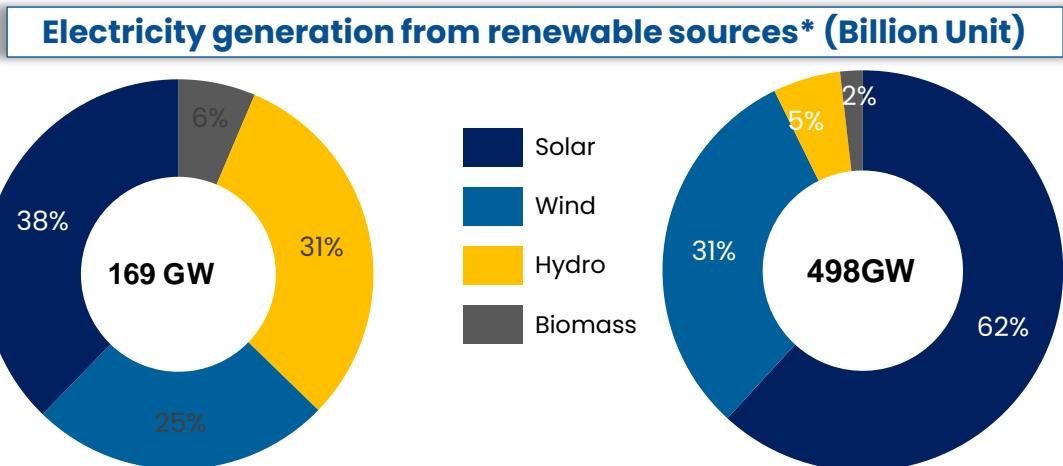
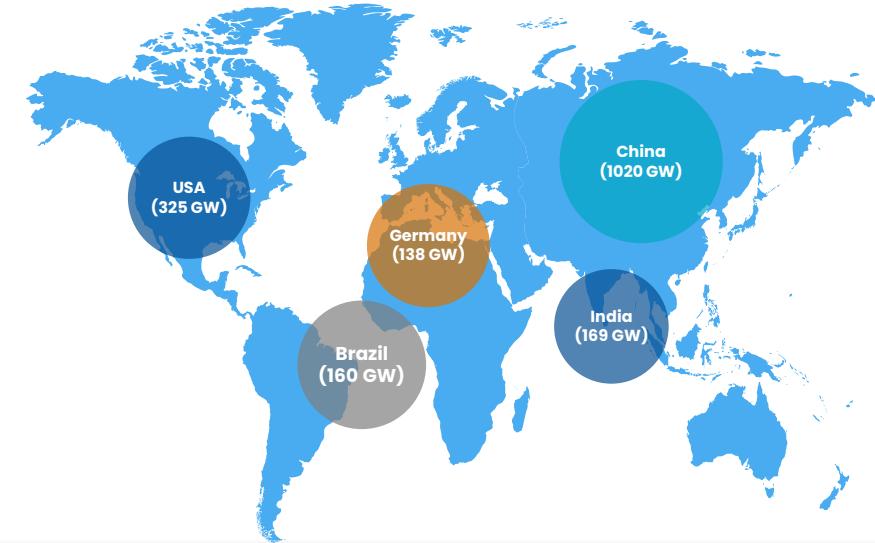


# Renewable Energy (1/4)

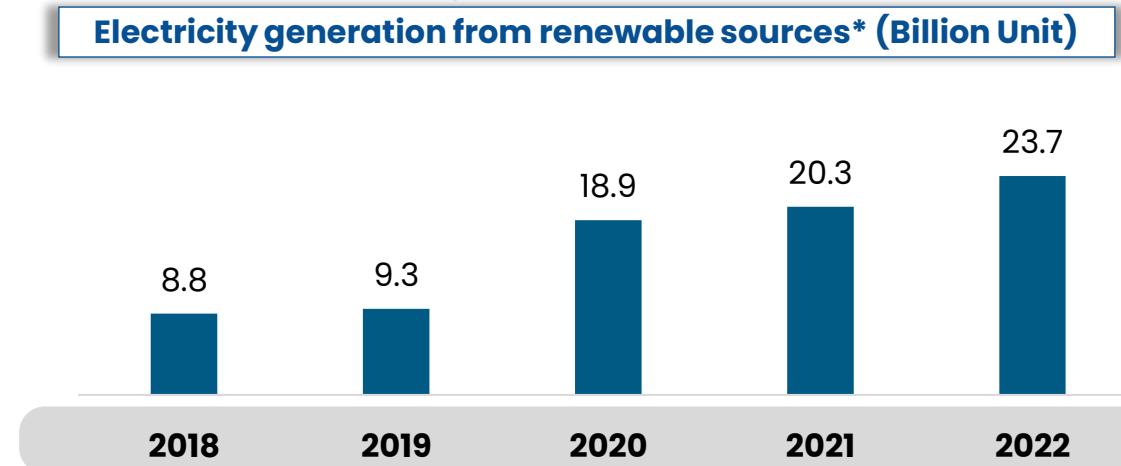
INDIA TO HAVE INSTALLED CAPACITY OF ~498 GW BY 2030



**Top 5 countries in installed renewable energy capacity**



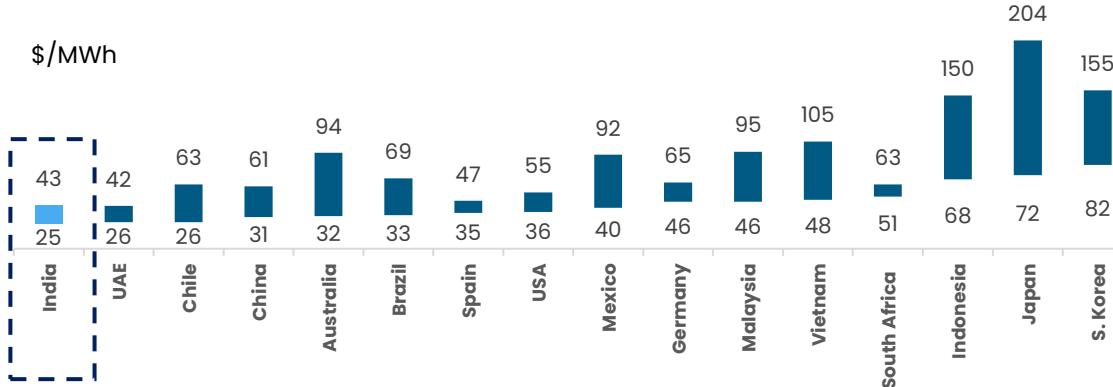
Source: Government Of India, Central Electricity Authority



# Renewable Energy (2/4)

INDIA'S RENEWABLES ARE AMONG THE CHEAPEST IN THE WORLD

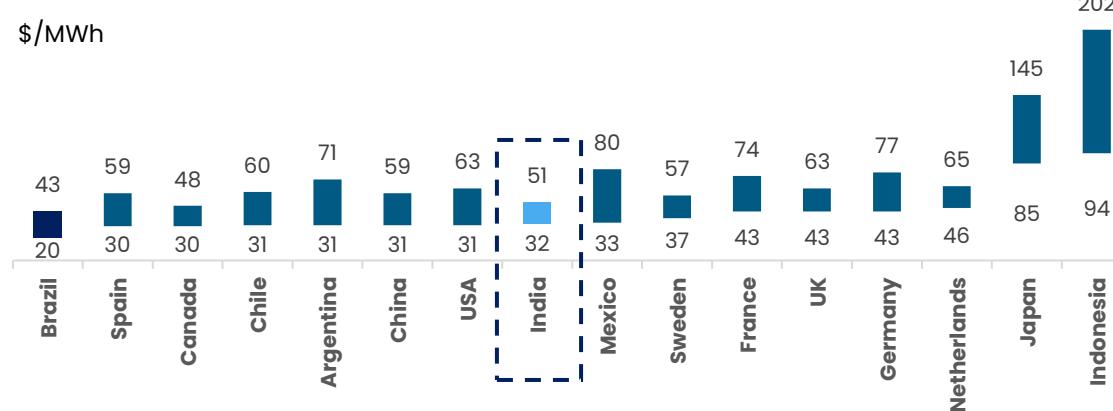
Levelized cost of electricity for fixed-axis PV, 2H 2021



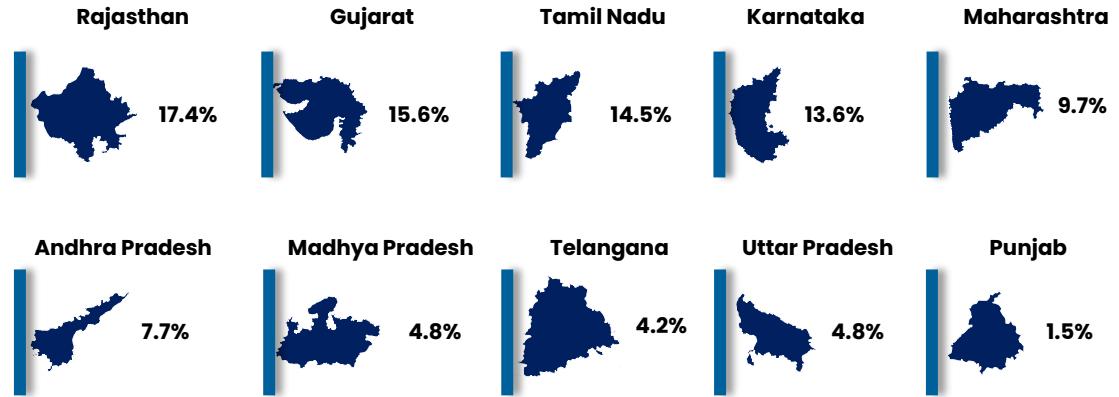
Installed Capacity of Power Stations (in MW)

|      | Coal    | Hydro  | Wind Power | BM Power | Waste to Energy | Solar Power |
|------|---------|--------|------------|----------|-----------------|-------------|
| 2018 | 191,093 | 49,917 | 35,138     | 9,076    | 138             | 25,212      |
| 2019 | 198,495 | 50,047 | 37,279     | 9,806    | 140             | 32,528      |
| 2020 | 199,865 | 50,549 | 38,624     | 10,146   | 169             | 37,465      |
| 2021 | 203,190 | 51,352 | 40,083     | 10,176   | 434             | 49,347      |
| 2022 | 203,776 | 51,786 | 41,930     | 10,210   | 522             | 63,303      |

Levelized cost of electricity for onshore wind, 2H 2021



Share of Major States as a % of India's Total Installed Capacity

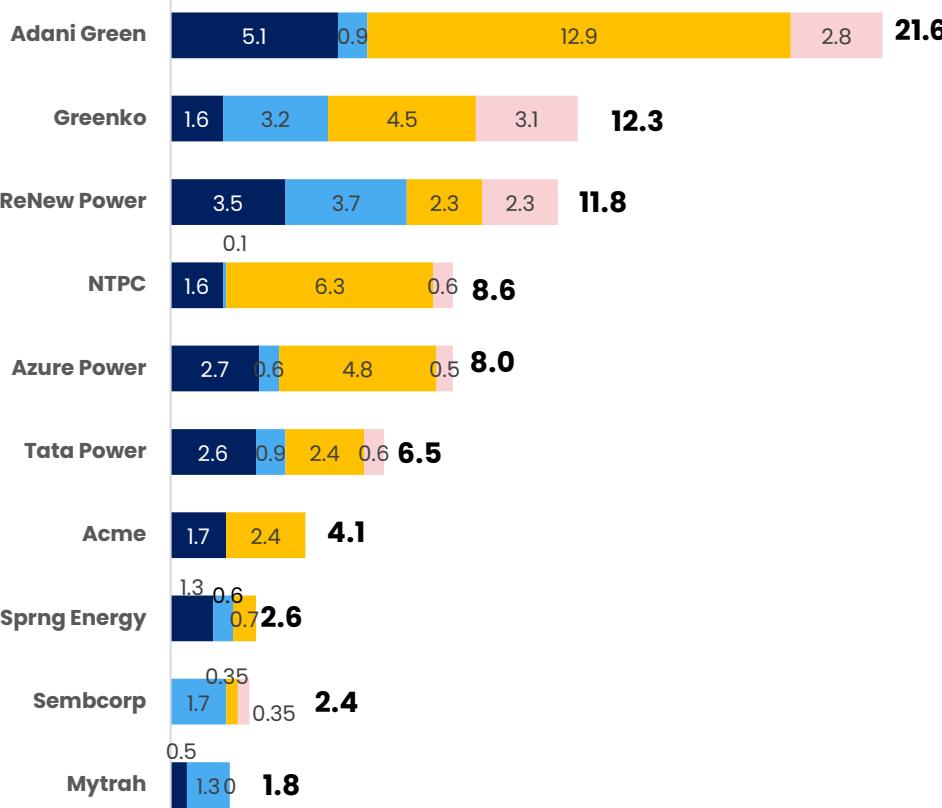


Source: Bloomberg NEF. Note: The range of the LCOE represents a range of costs and capacity factors. All LCOE calculations are unsubsidized and exclude curtailments and tax credits.

# Renewable Energy (3/4)

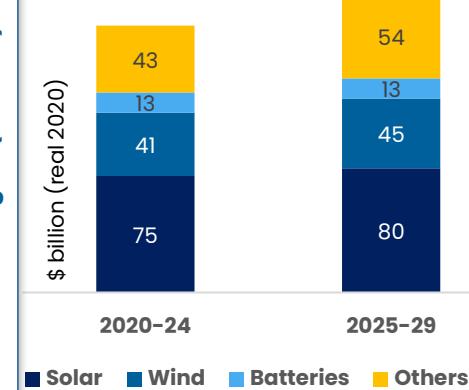
INDIA NEEDS \$241 BILLION TO BUILD SOLAR AND WIND POWER PLANTS

## Wind and solar portfolio of India's leading clean power IPPs

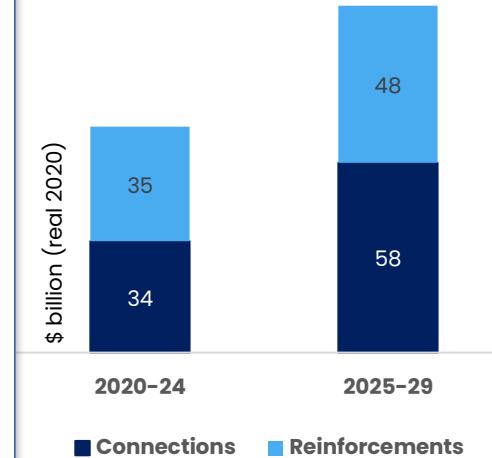


■ Commissioned solar ■ Commissioned wind ■ Pipeline solar ■ Pipeline wind

## Investments needed in new-build power generation capacity to meet CEA targets (2020-29)



## Investments in transmission and distribution grid (2020- 29)



## Equity Funding

**13.3%**

Average post-tax equity internal rate of return expected for solar projects

**\$3.5 billion**

Largest exit from India renewables when Adani Green acquired SB Energy's India portfolio in 2021

**8**

Number of sovereign wealth and pension funds that have equity stakes in India's renewables power producers

## Debt Funding

**50%**

Share of overseas financers in debt origination from 2019 - 2021

**90-180bps**

Fall in lending rates for Indian renewable energy projects in 2021 compared to 2017

**\$9.7 billion**

Green bonds (listed and unlisted) issued by Indian companies in 2021

# Renewable Energy (4/4)

FINANCING HAS COME FROM A WIDE VARIETY OF DOMESTIC AND INTERNATIONAL ENTITIES

| Equity investors in India's wind and solar projects  |  |   |   | Debt financers for wind and solar in India |                            |                         |  |
|--|--|---|---|--|----------------------------|-------------------------|--|
| Global investment funds  |  |   |   | International banks                        |                            |                         |  |
| <b>actis</b><br>IEQT<br>Morgan Stanley   | <b>Brookfield</b><br>Goldman Sachs<br>KKR<br>ORIX                      | <b>bp</b><br>PETRONAS<br>Shell<br>TotalEnergies     | <b>BARCLAYS</b><br>DBS<br>standard chartered  | <b>BNP PARIBAS</b><br>MUFG<br>SMBC         | <b>International banks</b> | <b>Government banks</b> |  |
| <b>Long-term, patient capital providers</b>  | <b>Foreign utilities</b>   | <b>Indian private banks</b>                         | <b>Non-banking finance companies</b>  |  |                            |                         |  |
| <b>ADIA</b><br>CPP INVESTMENT BOARD<br>GLOBAL ENVIRONMENT FUND                               | <b>alfanar</b> CLP 中電 sembcorp<br>edf enel VENA ENERGY<br>engie fortum | <b>AXIS BANK</b><br>ICICI Bank<br>kotak<br>YES BANK | <b>TIFCL</b> टिफ्सी<br>IREDA<br>L&T Financial Services<br>TATA CAPITAL Cleantech Finance                          | <b>International banks</b>                 | <b>Government banks</b>    |                         |  |
| <b>Indian conglomerates</b>  | <b>Government companies</b>  | <b>Development finance institutions</b>             |   |  |                            |                         |  |
| <b>adani</b><br>ADITYA BIRLA RENEWABLES<br>susten By Mahindra<br>TATA POWER<br>torrent POWER | <b>N HPC</b><br>एन एच पी सी<br>NTPC<br>एनटीपीसी                        | <b>ADB</b><br>KFW<br>Bank aus Verantwortung         | <b>DFC</b> U.S. International Development Finance Corporation<br><b>AIIB</b> ASIAN INFRASTRUCTURE INVESTMENT BANK |  |                            |                         |  |

Source: India Brand Equity Foundation, Economic Times

## 03 Industries

- Infrastructure



## 03 Industries

- Infrastructure



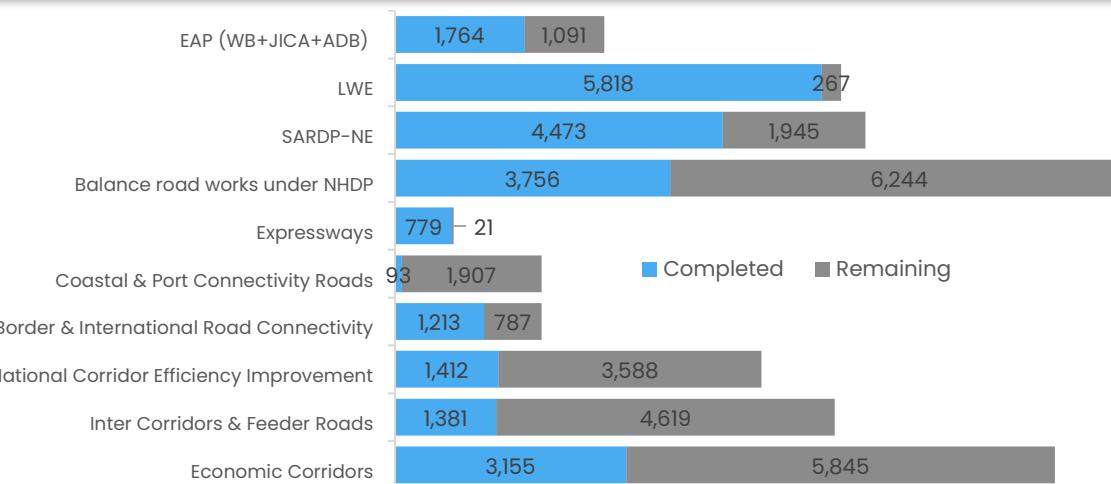
# Infrastructure (1/4)

## ROADWAYS

### Key Facts

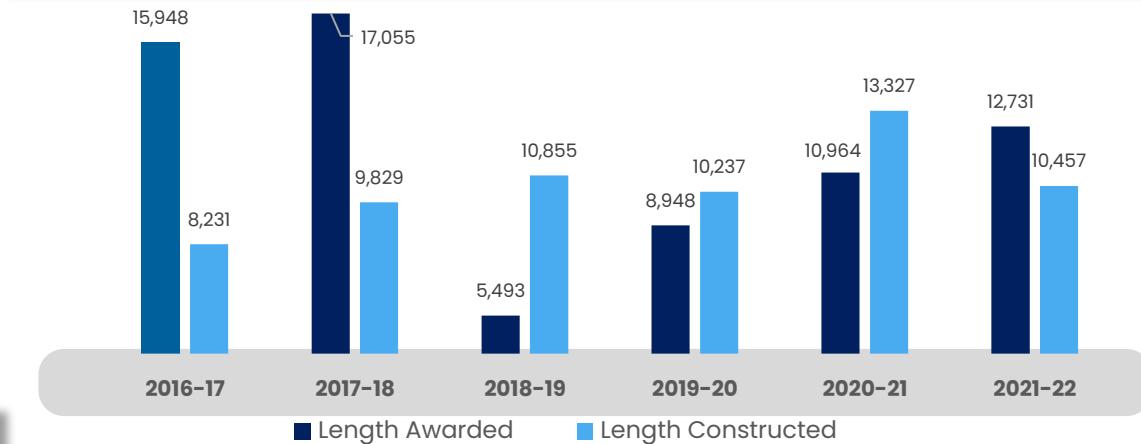
- India has the second-largest road network in the world, which measures around 63.73 lakh km, including National Highways of approximately 1,44,955 km
- Through various phases of the National Highways Development Project (NHDP) and umbrella programs like Bharatmala Pariyojana, the Indian government is actively upgrading and developing the National Highways
- The ministry has set a target of awarding 14,300 km and constructing 12,200 km of National Highways for 2022-23
- Overall, road projects of more than 65,000 km are in progress, in which more than 39,000 km has been complemented and around 26,000 km are in progress

### Status Of Highway Projects (In Km)



Source: Press Information Bureau, Ministry of Road Transport and Highways of India

### Pace of National Highways (NH) Construction (In Km)



- One of the major umbrella projects for National Highway development, named Bharatmala Pariyojana, was initially launched in 2015. The project's phase-I received approval in Oct 2017, which focuses on constructing 34,800 km of National Highway
- Phase-I included the development of 27 Greenfield corridors of length around 9000+ km. The project also included the development of India's largest Delhi-Mumbai Expressway (1,386 Km)
- Out of the 34,800 km under Bharatmala Pariyojana Phase-I, the development of 11,789 km has been completed

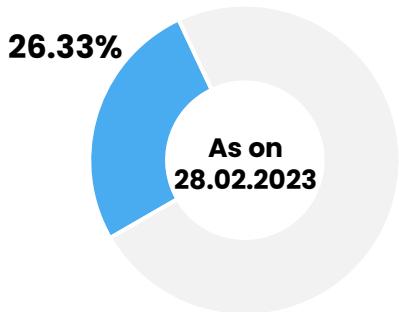
# Infrastructure (2/4)

## RAILWAYS

### Key Facts

- Indian Railways manages a rail network of more than 65,000 km, the fourth largest in the world
- In 2022, the government has announced an ambitious National Rail Plan, which targets to create a 'future ready' railway system by 2030
- The key objectives are to formulate strategies to create capacity ahead of demand, which in turn would also cater to future demand growth right up to 2050
- As part of the National Rail Plan, Vision 2024 has been launched for accelerated implementation of certain critical projects like 100% electrification, multi-tracking of congested routes, up-gradation of speed, and identifying new Dedicated Freight Corridors and new High-Speed Rail Corridors

### Bullet Train Progress (Mumbai – Ahmedabad)



- Recently, Indian Railway Ministry reported that the overall physical progress of the Mumbai-Ahmedabad Bullet train corridor is at 26.33%
- Gujarat has completed overall 32.93% of overall work, while Maharashtra is at 13.72%
- The project is reportedly scheduled to start operation in 2027, with a train run planned between Surat and Billimora in Gujarat in August 2026.

Source: Press Information Bureau, Statista, Indian Railways

### High-Speed Rail Projects in India

| ROUTE (CITY & STATE)  | ROUTE LENGTH (In Km) | STATIONS PLANNED |
|---|----------------------|------------------|
| Mumbai – Ahmedabad (Maharashtra & Gujarat)                      | 508.17               | 12               |
| Delhi – Varanasi (Uttar Pradesh)                                | 865                  | 12               |
| Delhi – Ahmedabad (Haryana, Rajasthan, Gujarat)                 | 886                  | 12               |
| Mumbai – Nagpur (Maharashtra)                                   | 741                  | 12               |
| Delhi – Amritsar (Haryana, Punjab)                              | 465                  | 13               |
| Mumbai – Hyderabad (Maharashtra, Telangana)                     | 711                  | 11               |
| Chennai – Mysore (Tamil Nadu, Karnataka)                        | 435                  | 09               |
| Varanasi – Howrah (Kolkata) (Uttar Pradesh, Bihar, West Bengal) | 760                  | 10               |
| Hyderabad – Bangalore (Telangana, Karnataka)                    | 618                  | TBD              |
| Nagpur – Varanasi (Maharashtra, Madhya Pradesh, Uttar Pradesh)  | 855                  | TBD              |
| Patna – Guwahati (Bihar, West Bengal, Assam)                    | 850                  | TBD              |
| Amritsar – Pathankot – Jammu (Punjab, Jammu UT)                 | 190                  | TBD              |

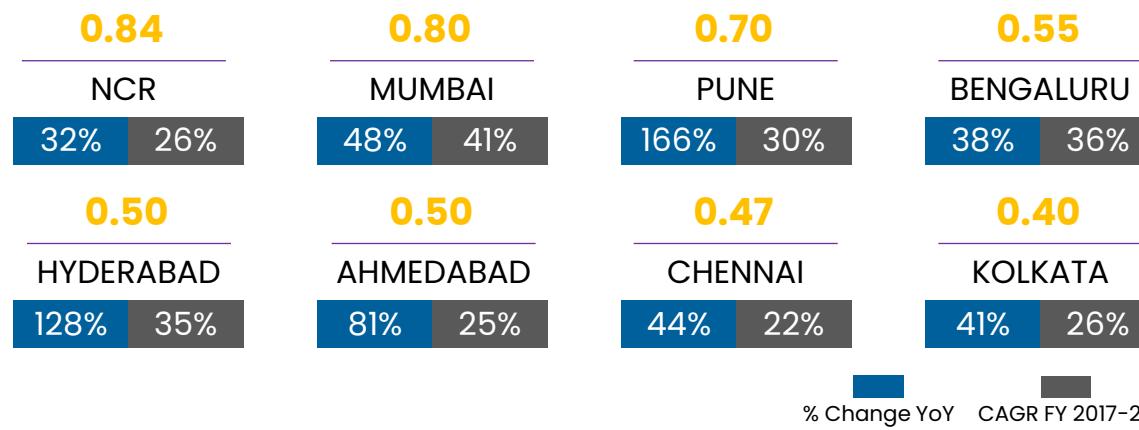
# Infrastructure (3/4)

## WAREHOUSING & INDUSTRIAL PARKS

### Indian Warehousing Sector

The Indian warehousing sector is experiencing rapid growth in recent times. The reason for growth includes India's emerging position as a global manufacturing destination, robust e-commerce sector, and government support. There are eight primary markets which are split into 31 warehouse clusters. In FY 2022, Indian warehousing transaction volumes climbed 62% YoY.

Annual Warehousing Transaction FY 2022 (in mn. sq. m)



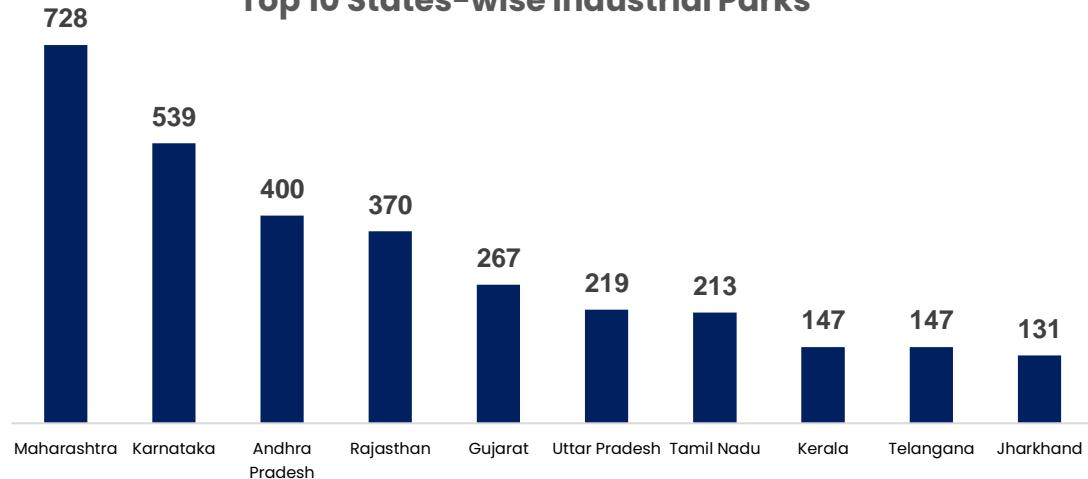
**According to Indian Government, 5,641 warehousing projects have been completed under the Warehouse Infrastructure Fund (WIF) scheme out of 7,953 sanctioned warehouse projects.**

Source: Knight Frank, NITI Aayog, Invest India

### Indian Industrial Parks

India has around 3.9 thousand industrial clusters, of which more than 75% are located in the top 10 states.

#### Top 10 States-wise Industrial Parks



- Indian industrial parks are spread across a total land area of around 4.70 lakh hectare
- Largest industrial park in Asia, Arignar Anna Industrial Park, is proposed in Coimbatore, Tamil Nadu, in which industries like engineering, power loom, and garments will be functioning
- Recently, the Indian Government has been studying the feasibility of setting up industrial parks for space tech to bolster indigenous manufacturing capabilities of satellite components, space launch vehicles, navigation systems

# Infrastructure (4/4)

## OTHER MEGA INFRA PROJECTS

### Smart Cities Mission 2023

The Smart Cities Mission, launched on June 25, 2015, is an initiative of the Union Housing and Urban Affairs Ministry to improve people's living quality in cities and towns. In this initiative, 100 cities were chosen in five rounds for upgradation by leveraging the latest technologies and public-private partnerships. The government has set a deadline of June 23, 2023, for completing the Smart Cities Mission.

**Current Status:** As of March 3, the 100 cities have issued work orders for 7,799 projects worth around \$22 billion. Out of these, 5,399 projects worth \$12.5 billion have been completed, and the rest are ongoing.

### Delhi Mumbai Industrial Corridor

The Delhi-Mumbai Industrial Corridor (DMIC) is an ambitious \$90 billion infrastructure project from the Government of India covering around 1,504-km distance. The project would create new industrial townships, high-speed freight lines, six-lane expressways, airports, ports, logistics hubs, etc., between Delhi and Mumbai.

**Current Status:** The project is expected to be completed in 2024. Trunk infrastructure works of Integrated Industrial Township – Greater Noida (IITGN), Uttar Pradesh, and Integrated Industrial Township – Vikram Udyogpuri (IITVU), Madhya Pradesh, are already completed.

### Northeast Development Projects

During the last five years, the Indian government has been developing various infrastructure development projects in the North Eastern States to improve air, rail, road, waterway, power, and telecom connectivity. The states include Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Sikkim, Nagaland, and Tripura.

**Current Status:** In the recent 2023-24 Budget, the finance ministry almost doubled the budget to around \$719 million for the development of the North East Region. The major chunk of which will be used for Special Infrastructure Development Scheme.

### Inland Development Waterways Project

The Indian government is seeking to develop national waterways routes to cut logistics costs, make Indian industry competitive and develop India's inland waterways as a viable mode of transport, especially for cargo. India has a large number of rivers, canals, and other waterways, with a total navigable length of approximately 14,850 km.

**Current Status:** The National Waterway-1 (NW-1) from Haldia to Varanasi (1390 km) is currently under construction and expected to be completed by Dec. 2023. Recently, a comprehensive package for the development of NW-2 over the Brahmaputra and National Waterway 16 over the Barak river has been unveiled.

# 03 Industries

- **Ethanol**

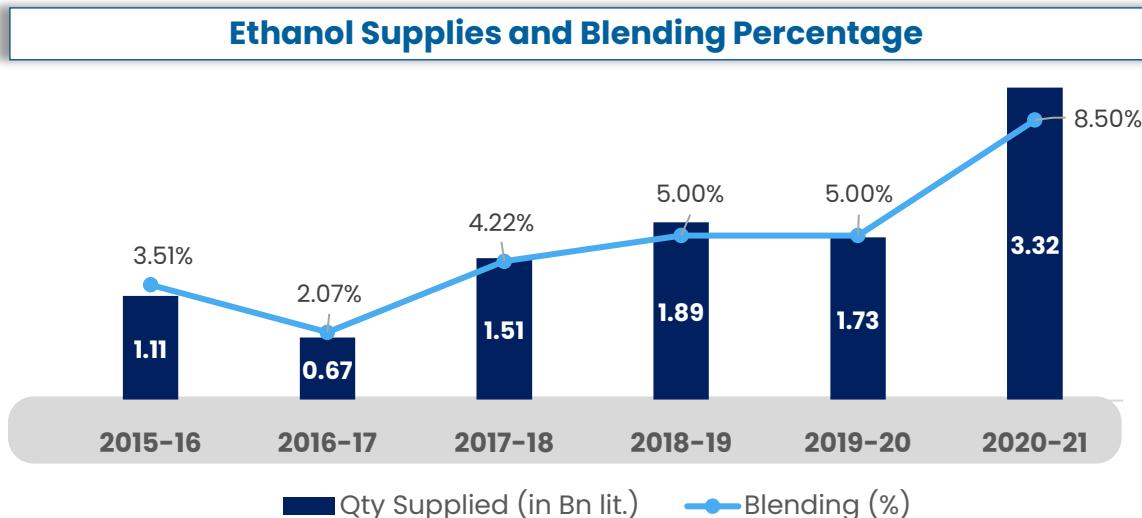


# Ethanol (1/2)

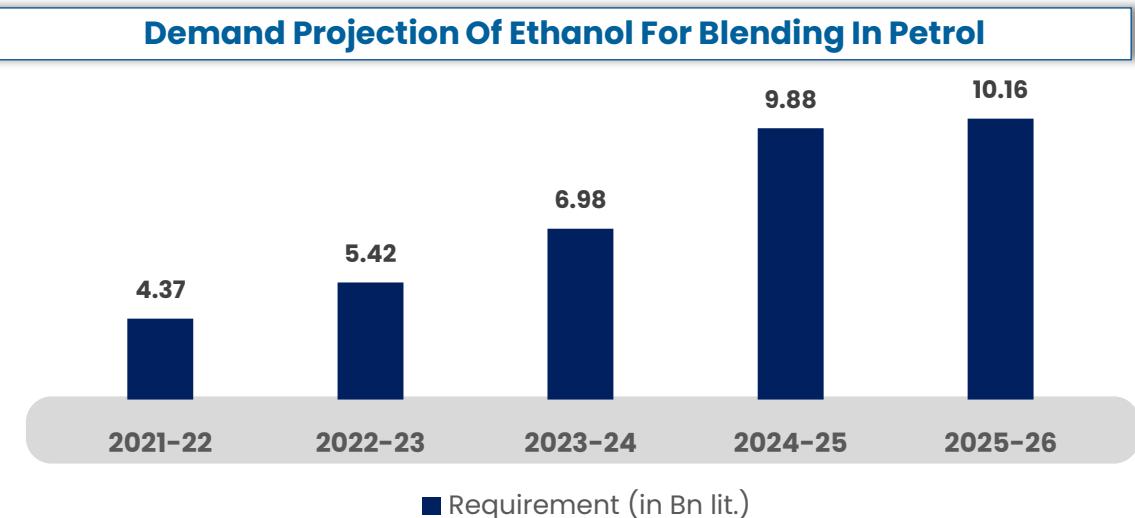
## THE ETHANOL BLENDING PROGRAMME (EBP) IN INDIA

Ethanol Blending Programme (EBP) was first launched in India in 2003 to promote alternative and environment-friendly fuels and reduce import dependency for energy requirements. In 2018, India's Ministry of Petroleum and Natural Gas published its "National Policy on Biofuels", which was further amended in June 2022. The amendment mainly advanced the deadline to reach the blending target of 20% bioethanol in petrol from 2030 to 2025-26 and approved the eligibility of additional feedstocks for the production of biofuels.

**Ethanol Supplies and Blending Percentage**



**Demand Projection Of Ethanol For Blending In Petrol**



- India has almost doubled its ethanol blending with petrol in the last two years and is expected to achieve 12% by the end of 2023
- Overall ethanol production capacity by the end of 2023 is anticipated to increase by 25% to 12.50 Bn liters
- India has successfully escalated its ethanol storage capacity by 3x from 2017 to 2020 and also increased the number of distilleries by around 40% in four years

- India's expanding economy, growing population, increasing urbanization, evolving lifestyles, and rising spending power is rapidly driving the energy demand in the country. India's share in global energy consumption is set to double by 2050.
- In Feb. 2023, Petrol blended with 20% ethanol was rolled out at selected petrol pumps in 11 states and union territories
- The country is expected to witness 2x increase in ethanol demand in the next five years

## Ethanol (2/2)

### THE ETHANOL BLENDING PROGRAMME (EBP) IN INDIA

#### Ethanol Capacity Requirement By Raw Material & Year

| Year    | Capacity Requirement (In Bn Lit.) |          |       |
|---------|-----------------------------------|----------|-------|
|         | Grain                             | Molasses | Total |
| 2021-22 | 3.00                              | 5.19     | 8.19  |
| 2022-23 | 3.50                              | 6.25     | 9.75  |
| 2023-24 | 4.50                              | 7.25     | 11.75 |
| 2024-25 | 7.00                              | 7.30     | 14.30 |
| 2025-25 | 7.40                              | 7.60     | 15.00 |

#### Benefits Of Ethanol Blending For India

In 2020-21, India imported around 185 mt of petroleum at the cost of \$55 Bn. The country could reduce its dependence on imported fuel by implanting EBP. It can also help the country reduce its greenhouse gas (GHG) emissions and achieve its sustainability target.

**As per NITI Aayog, petrol blended with 20 per cent ethanol would reduce carbon monoxide emissions by 50 per cent in two-wheelers and 30 per cent in four-wheelers and can save the country around \$4 billion annually.**

#### Government Subsidiaries & Incentives

India Government has taken various steps to increase the production and utilization of ethanol, which are enumerated as under:

##### **Ethanol Interest Subvention Scheme(s) inter-alia:**

To augment ethanol production capacity, the government launched the Ethanol Interest Subvention Scheme(s) inter-alia extending financial assistance in the form of interest subvention @ 6% per annum or 50% of the interest rate charged by banks/financial institutions. Under the scheme, Rs 20,000 crore worth of loans have been sanctioned by the banks for ethanol projects, out of which Rs 10,000 crore has already been disbursed.

##### **National Policy on Biofuels-2018:**

The policy allowed the production of ethanol from a variety of feed-stocks like agricultural residues (rice straw, cotton stalk, corn cobs, sawdust, bagasse, etc.); starch-containing materials such as maize, cassava, rotten potatoes, etc.; damaged food grains like wheat, broken rice, etc.; and foodgrains like rice apart from sugarcane and other sugar-containing materials (like sugar beet, sweet sorghum, etc.)

##### **Free Movement Of Ethanol:**

The Government has amended the Industries (Development & Regulation) Act, 1951, vide Notification dated 14.5.2016, to ensure the free movement of ethanol in the country

##### **Reduced GST:**

The Government has also reduced Goods & Service Tax (GST) on ethanol meant for Ethanol Blended with Petrol (EBP) Programme from 18% to 5% w.e.f 27.7.2018.

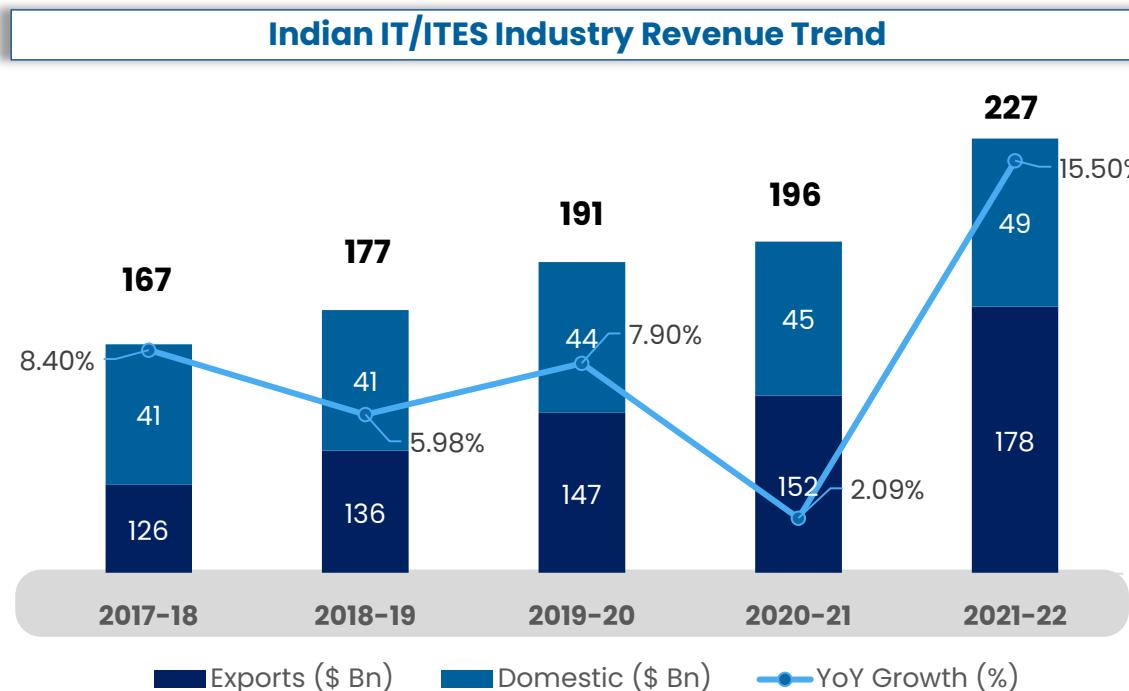
## 03 Industries

- **IT/ITES**



# IT/ITES Industry (1/2)

## REVENUE TREND AND TOP INDIAN IT COMPANIES



- According to the IT industry body NASSCOM, the Indian technology sector is expected to grow faster than the Indian economy and is set to hit \$245 billion in size in 2023
- The export revenue in 2023, on a constant currency basis, is anticipated to rise by 11.4%
- The industry added 290,000 jobs in FY 2023, taking the industry's workforce tally to 5.4 million

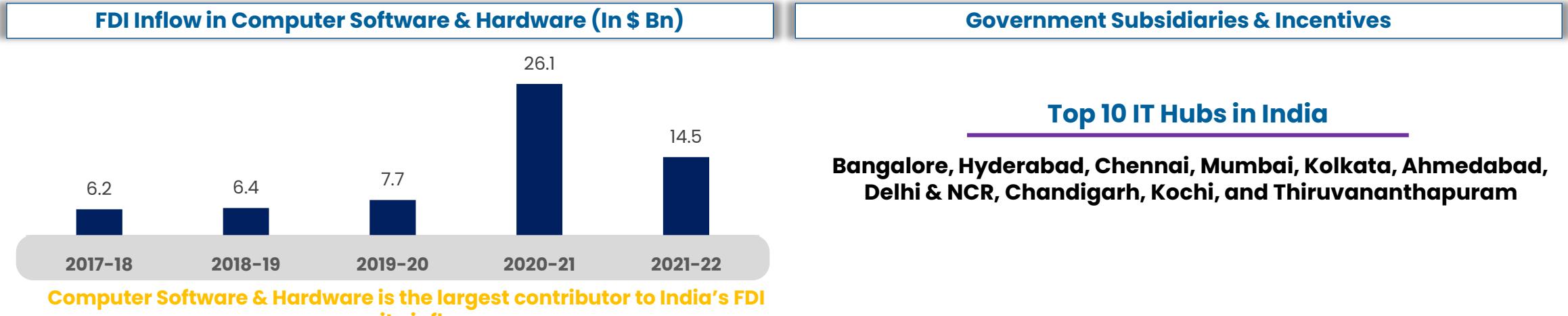
Source: Ministry of Electronics & Information Technology, Press Information Bureau

**Top 10 Indian IT Companies in 2022**

| Companies                        | Revenue (\$ Bn) | Market Value (\$ Bn) | Total Employees |
|----------------------------------|-----------------|----------------------|-----------------|
| Tata Consultancy Services        | 34.6            | 144.02               | 592,195         |
| Infosys                          | 16.3            | 75.87                | 335,186         |
| HCL Technologies                 | 11.5            | 34.08                | 210,966         |
| Wipro Limited                    | 10.4            | 25.85                | 247,000         |
| Redington India Ltd              | 9.5             | 1.70                 | -               |
| Tech Mahindra Limited            | 5.9             | 11.96                | 151,173         |
| Larsen & Toubro Infotech Limited | 2.1             | 10.69                | 45,000          |
| Mphasis Ltd                      | 1.6             | 4.49                 | 14,098          |
| Mindtree Ltd                     | 1.4             | 6.86                 | 35,071          |
| Hexaware Technologies Ltd        | 0.9             | 1.70                 | 28,000          |

# IT/ITES Industry (2/2)

## FDI INFLOW & GOVERNMENT INITIATIVES



### Government Initiatives Towards IT Industry

The Government has undertaken several initiatives to promote the Information Technology & Information Technology Enabled Services (IT/ITES) industry.

Some of them are mentioned below:

**Software Technology Parks Of India (STP) Scheme:** The STP Scheme is a 100% export-oriented scheme for developing and exporting computer software, including exporting professional services. The unique feature of the STP scheme is the provisioning of single-point contact services for member units, enabling them to conduct export operations at a pace commensurate with international practices. The overall exports done by STPI registered IT/ITES units was Rs. 4.9 lakh crores in FY 2020-21.

**Special Economic Zones (SEZs):** The SEZ Act, 2005, supported by SEZ Rules, came into effect on 10<sup>th</sup> Feb. 2006, simplifying procedures and for single window clearance on matters related to central as well as state governments. The exports by IT/ITES units in SEZs for the year 2020-21 were Rs. 5.1 lakh crore.

**National Policy on Software Products-2019:** With an aim to develop India as the global software product hub, the Government Of India has approved the National Policy on Software Products-2019. The policy's objective is to create a robust Indian Software Product development ecosystem leading to a ten-fold increase in India's share of the Global Software product market.

**Next Generation Incubation Scheme (NGIS):** It is an incubation scheme entrusted by the Ministry of Electronics and Information Technology to STPI for implementation to make India a global player in the development, production, and supply of Innovative, Efficient, and Secure Software Products. The scheme is focused on 12 locations across India, which includes Agartala, Bhilai, Bhopal, Bhubaneswar, Dehradun, Guwahati, Jaipur, Lucknow, Prayagraj, Mohali, Patna & Vijayawada.

# 03 Industries

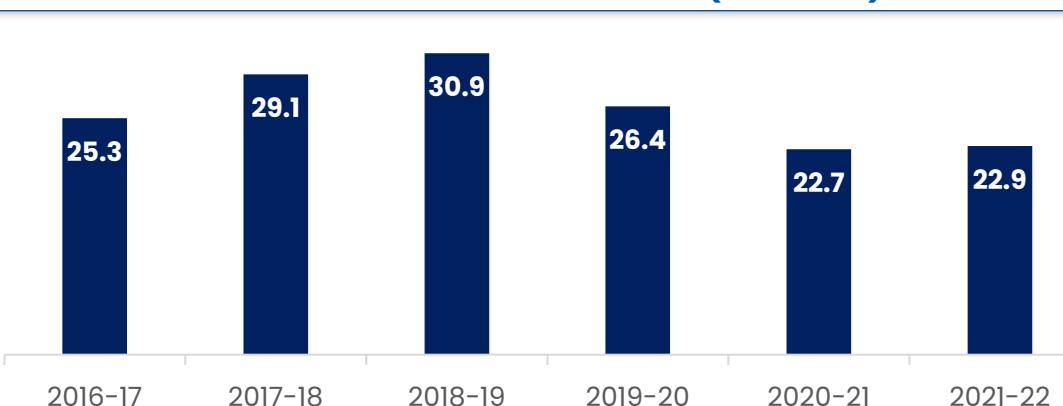
- Automobile



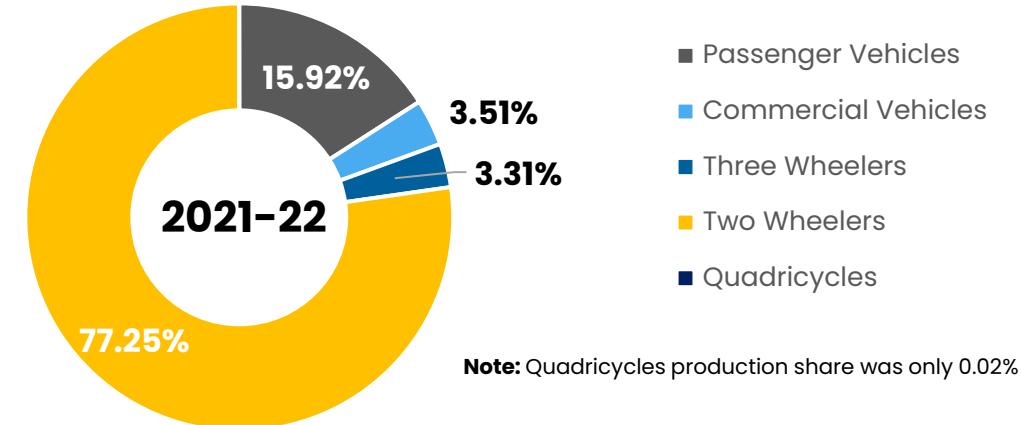
# Automobile Industry (1/4)

## PRODUCTION TRENDS

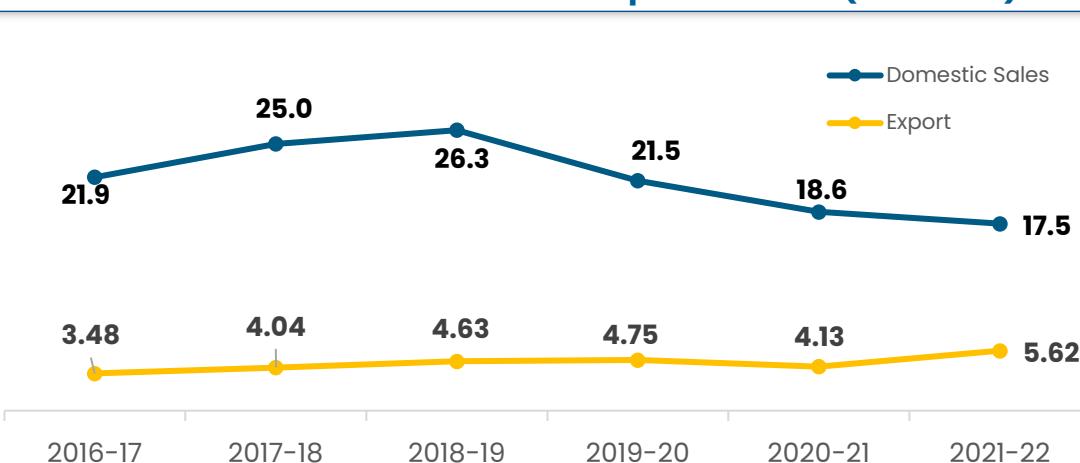
Automobile Production Trends (In Million)



Share Of Auto Production in 2021-22



Automobile Domestic Sales and Exports Trends (In Million)



Source: SIAM, Press Information Bureau

- In 2021, India's Automotive Industry was valued at more than \$222 billion and accounted for 7.1% of India's GDP
- The Indian government is planning to raise the auto sector's GDP contribution to 12% and grow employment generation to 50 million from the current 37 million
- Recently, India surpassed Japan in terms of auto sales and moved to third place worldwide, after China and the US



Largest Two-Wheeler Manufacturer



Second-Largest Tractor & Bus Manufacturer



Third-Largest Heavy Truck Manufacturer

# Automobile Industry (2/4)

## DOMESTIC SALES AND EXPORTS TREND

| Automobile Domestic Sales and Exports (Segment-Wise Numbers) |                   |                  |                   |                  |                   |                  |                   |                  |                   |                  |                   |                  |  |
|--|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|--|
| Category   | 2016-17           |                  | 2017-18           |                  | 2018-19           |                  | 2019-20           |                  | 2020-21           |                  | 2021-22           |                  |  |
|  | Domestic Sales    | Export           |  |
| Passenger Vehicles   | 3,047,582         | 758,727          | 3,288,581         | 748,366          | 3,377,389         | 676,192          | 2,773,519         | 662,118          | 2,711,457         | 404,397          | 3,069,499         | 577,875          |  |
| Commercial Vehicles  | 714,082           | 108,271          | 856,916           | 96,865           | 10,07,311         | 99,933           | 717,593           | 60,379           | 568,559           | 50,334           | 716,566           | 92,297           |  |
| Three Wheelers   | 511,879           | 271,894          | 635,698           | 381,002          | 7,01,005          | 567,683          | 637,065           | 501,651          | 2,19,446          | 393,001          | 260,995           | 499,730          |  |
| Two Wheelers   | 17,589,738        | 2,340,277        | 20,200,117        | 2,815,003        | 21,179,847        | 3,280,841        | 17,416,432        | 3,519,405        | 15,120,783        | 3,282,786        | 13,466,412        | 4,443,018        |  |
| Quadricycles   | 0                 | 1,556            | 0                 | 1,605            | 627               | 4,400            | 942               | 5,185            | -12               | 3,529            | 124               | 4,326            |  |
| <b>Grand Total</b>   | <b>21,863,281</b> | <b>3,480,725</b> | <b>24,981,312</b> | <b>4,042,841</b> | <b>26,266,179</b> | <b>4,629,049</b> | <b>21,545,551</b> | <b>4,748,738</b> | <b>18,620,233</b> | <b>4,134,047</b> | <b>17,513,596</b> | <b>5,617,246</b> |  |

Currently, India's Automotive Industry contributes around 8% of the country's total export

# Automobile Industry (3/4)

## MAJOR MANUFACTURING HUBS AND COMPANIES

### Gujrat – Rajasthan – Punjab – Madhya Pradesh



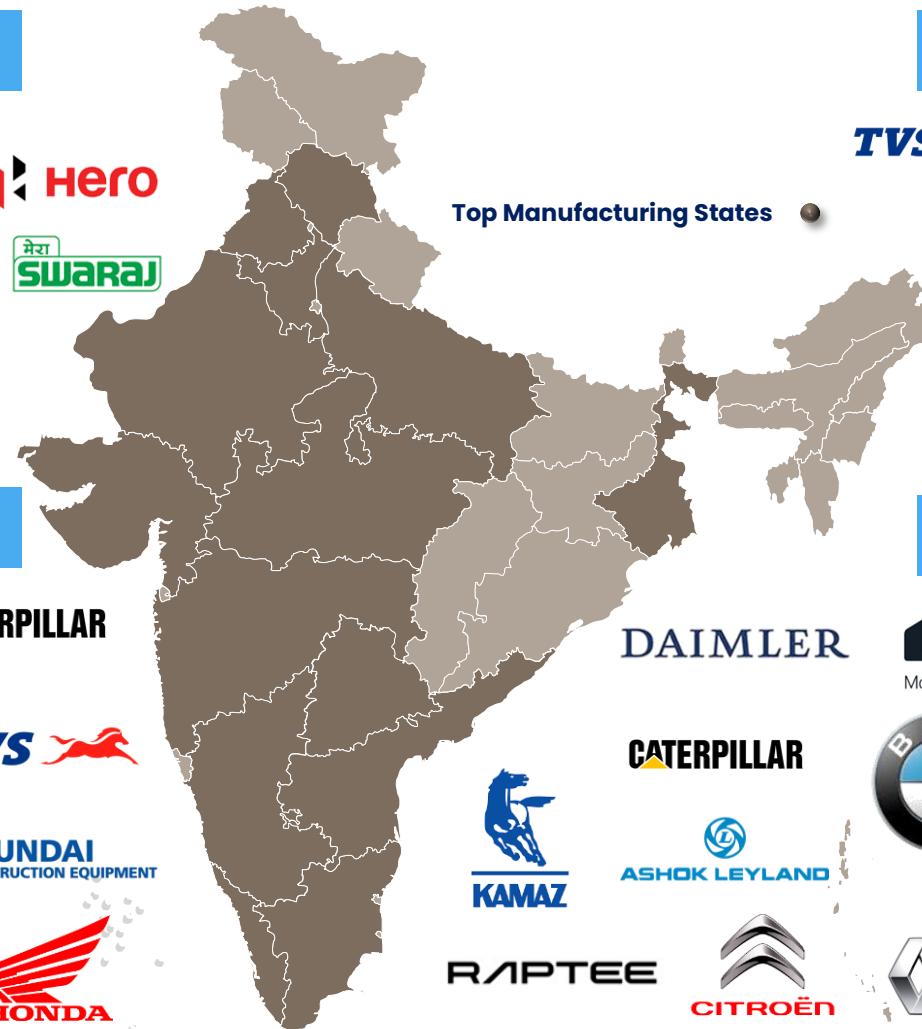
### Himachal Pradesh – Haryana – Uttar Pradesh – West Bengal



### Mumbai – Karnataka – Kerela



Source: SIAM, Press Information Bureau

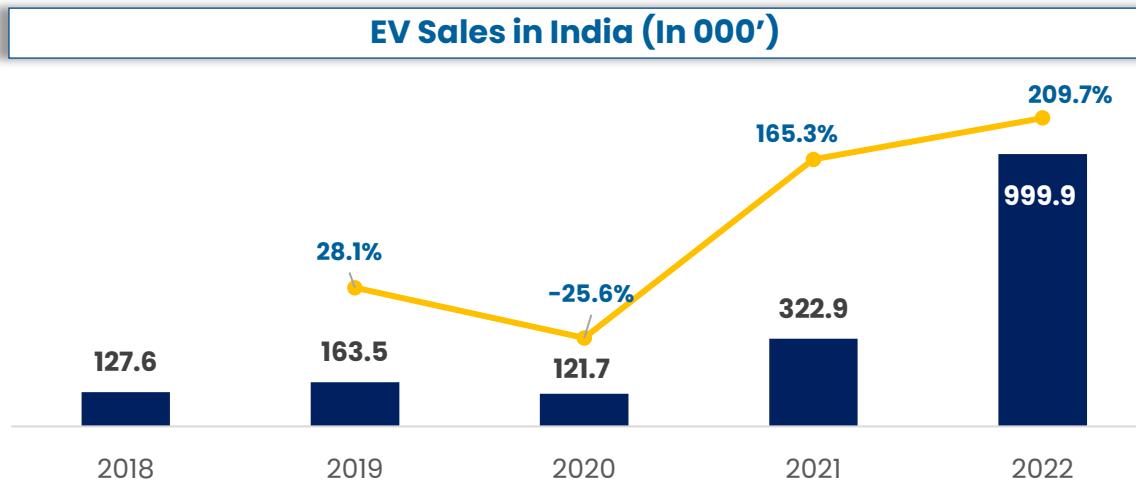


### Andhra Pradesh – Telangana – Tamil Nadu



# Automobile Industry (4/4)

## EV SNAPSHOT AND GOVERNMENT INITIATIVES



- EV sales in India experienced record growth in CY 2022, reaching almost a million units for the first time
- Two-wheeler alone accounted for 62.23% of total EV sales in the year, followed by electric three-wheelers, which accounted for 34% of the total sales
- In 2015, The government implemented a scheme titled "Faster Adoption and Manufacturing of Electric Vehicles" (FAME) to encourage electric and hybrid vehicle purchases. In the scheme ended in 2019, the ministry again launched "FAME India Phase II" with a total budget of Rs 10,000 Crores over three years.
- Under the scheme, a subsidy is given to consumers in the form of an upfront reduced purchase price to encourage EV adoption.
- Indian Government has an ambitious target for EVs, and it expects that by 2030, 70% of all commercial cars, 30% of all private cars, 40% of all buses, and 80% of two-wheeler and three-wheeler sales will be for electric vehicles.
- It is expected that India's EV market will be an opportunity of \$206 billion by 2030

Source: The Economic Times, SIAM, IBEF

### Production Linked Incentive (PLI) Scheme

- On September 15, 2021, India's central government approved the Production Linked Incentive (PLI) Scheme for the Automobile and Auto Component Industry in India with a budgetary outlay of \$3.50 billion
- Under the sub-scheme, an incentive of 8% to 11% will be provided on incremental sales over a base sales value of around \$3.39 million. An additional 5% incentive will be given on sales of components for battery electric vehicles and hydrogen fuel cell vehicles. Companies that achieve additional sales over \$3.39 million will be eligible for an additional 2% incentive
- The scheme aims to boost domestic manufacturing capacity and attract investments to the automotive manufacturing value chain
- It also intends to promote higher-tech green manufacturing and will benefit from the PLI scheme for advanced chemistry cell manufacturing as well as the Faster Adoption of Manufacturing of Hybrid and Electric Vehicles (FAME)

#### The PLI policy targeting auto parts includes the following component schemes:

**Champion Original Equipment Manufacturers (OEM) Scheme:** It is a sales value-linked plan applicable to battery electric and hydrogen fuel cell vehicles of all segments.

As of February 11, 2022, 20 applicants have been approved under this scheme.

**Champion Incentive Scheme:** It is a sales value linked plan for advanced technology components, complete and semi-knocked down (CKD/SKD) kits, vehicle aggregates of two-wheelers, three-wheelers, passenger vehicles, commercial vehicles, and tractors, including automobiles meant for military use and any other advanced automotive technology components prescribed by the Ministry of Heavy Industries.

As of March 15, 2022, 75 companies have secured PLI approval under this scheme.

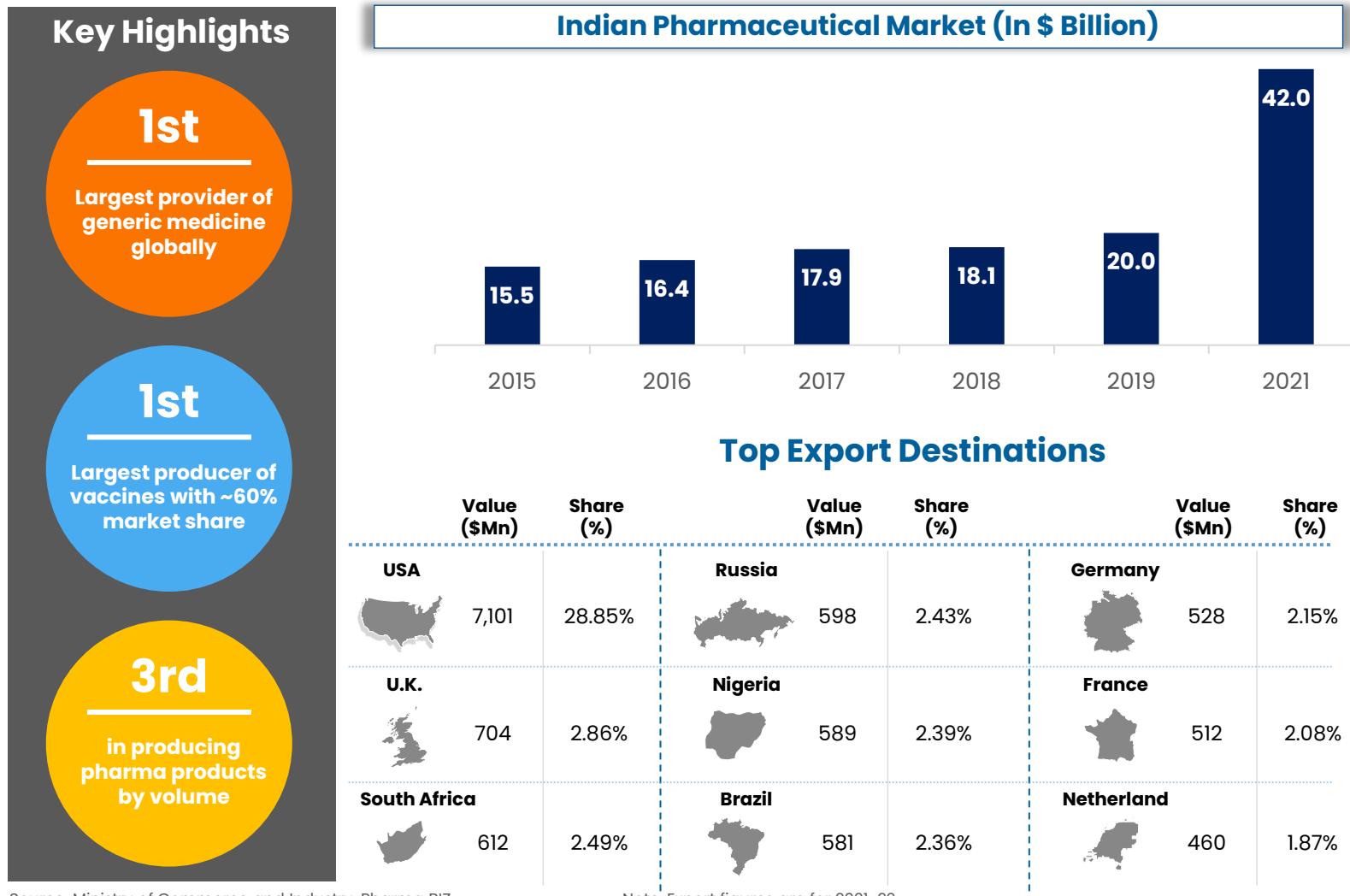
## 03 Industries

- Pharmaceuticals



# Pharmaceuticals (1/3)

## MARKET SIZE AND EXPORT PERFORMANCE



Source: Ministry of Commerce and Industry, Pharma BIZ

- India's domestic pharmaceutical market growth in 2021 was boosted by higher demand for critical drugs and other supplies led by the COVID-19 pandemic
- The industry is expected to sustain its growth momentum and expected to grow to **\$65 billion** by 2024 and **\$130 billion** by 2030

- In FY 2021-22, India exported **\$24.62 billion** in pharma products
- It exports pharmaceutical products to North America, Africa, the EU, ASEAN, Latin America & Caribbean (LAC), the Middle East, Asia, the Commonwealth of Independent States (CIS), and other European regions
- India has the **highest number of USFDA-compliant companies** with plants outside the US. The country accounts for around 65% of facilities, with more than 30 active US-approved API products worldwide.

# Pharmaceuticals (2/3)

## PRODUCT LINKED SCHEME

The Department of Pharmaceuticals launched three supporting schemes to incentivize the global and domestic players to ensure greater resilience to external shocks, enforce greater drug security and boost the capacity for domestic production of critical bulk drugs and high-value products.

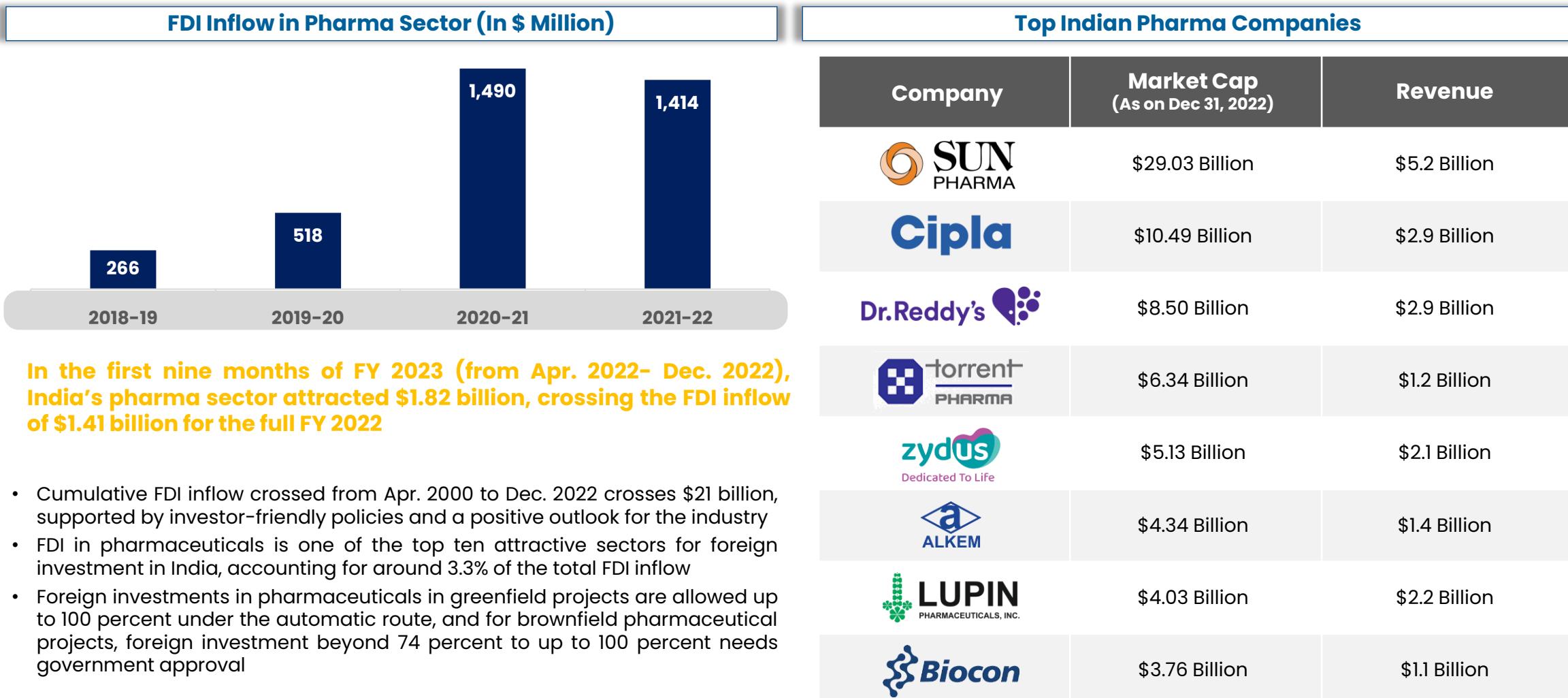
### PLI Scheme Snapshot

| Target Segment   | Critical KSMs/DIs/APIs   | Medical Devices  | Pharmaceuticals  |
|------------------|--|--|--|
| Tenure of scheme | FY 2021 to FY 2030   | FY 2021 to FY 2028   | FY 2021 to FY 2029   |
| Outlay           | ₹6,940 crore   | ₹3,420 crore   | ₹15,000 crore  |
| Progress         | Until Dec 2022, 51 applicants approved with committed investment of ₹4,138.4 crore | Until Dec 2022, 21 applicants approved with committed investment of ₹1,058.97 crore. | Until June 2022, 55 applicants approved with actual investment of ₹18,669 crore            |
| Employment       | Estimated employment generation from 51 projects is 10,598 persons                 | Estimated employment generation from 21 projects of around 6,411 persons.            | Estimated employment generation from 55 projects : 20,000 direct and 80,000 indirect jobs. |

Source: Ministry of Commerce and Industry, Pharma BIZ, FDI India

# Pharmaceuticals (3/3)

## FDI INFLOW AND TOP INDIAN COMPANIES



Source: Ministry of Commerce and Industry, Pharma BIZ, FDI India

## 03 Industries

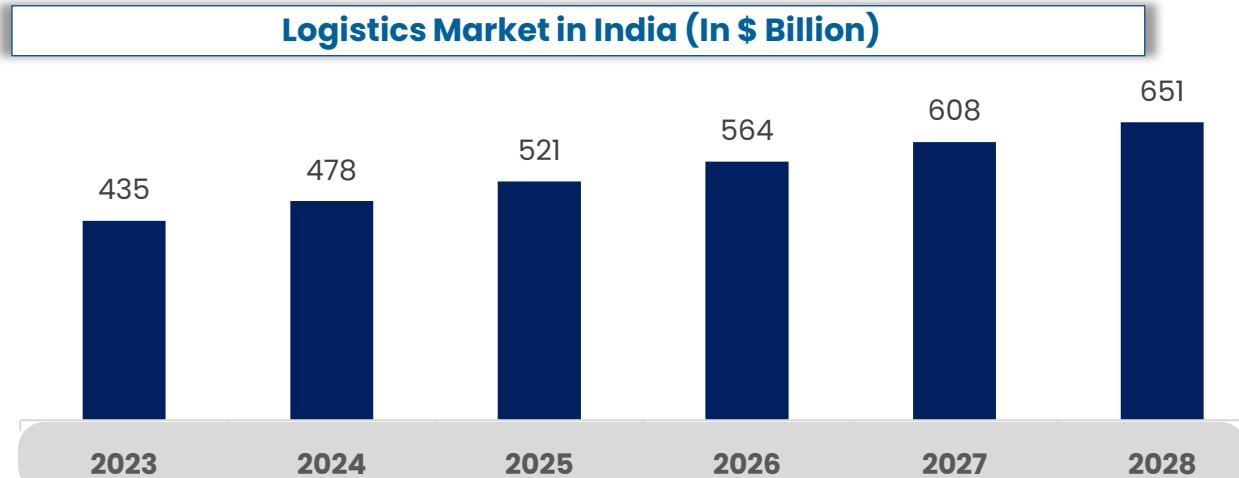
- Transport and Logistics



# Transport and Logistics

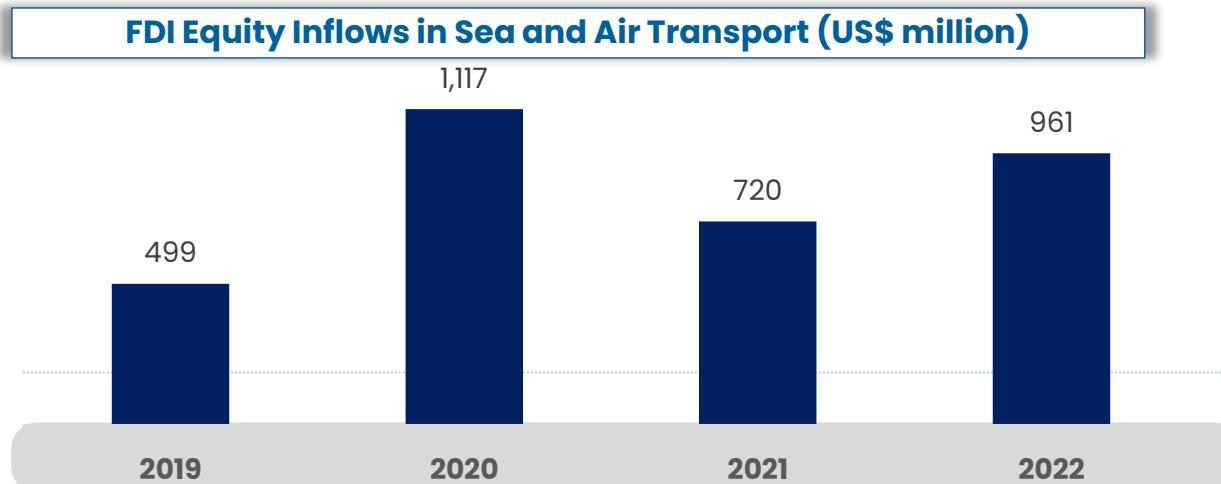
## MARKET SIZE & FDI INFLOW

Logistics Market in India (In \$ Billion)



- The contribution of logistics to India's GDP is about 14.4% of the GDP.
- The logistics market in India is expected to be valued at \$435.43 billion in 2023 and \$650.52 billion by 2028, rising at a CAGR of 8.4%
- The logistics sector in India employs over 22 million people and is further expected to create employment for another 1.2 million by 2025.

FDI Equity Inflows in Sea and Air Transport (US\$ million)



Key Players in Indian Logistics Market

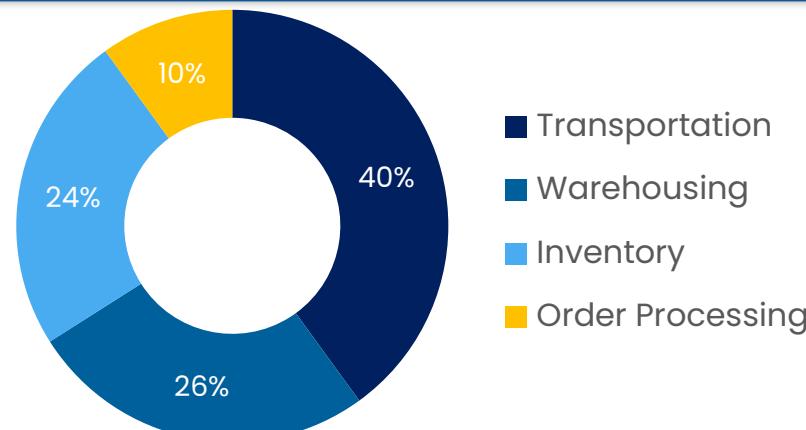


Source: India Times, Inc. 42

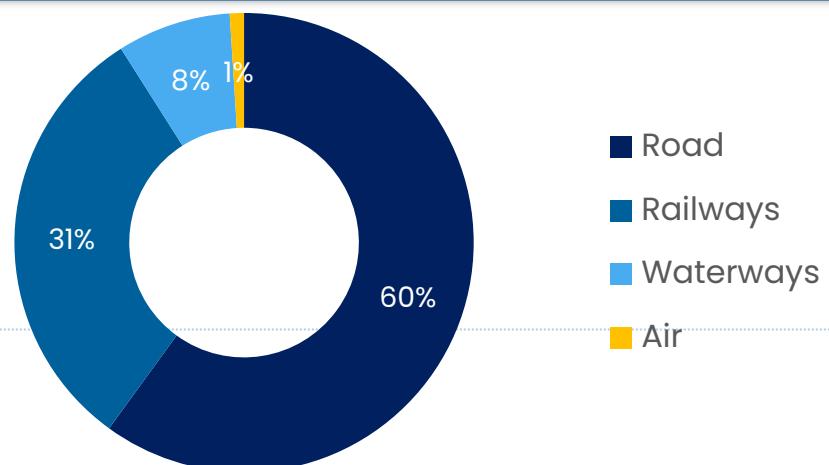
# Transport and Logistics

## BREAKDOWN OF THE SECTOR AND RISING TRENDS

**Breakdown of total logistics cost of the Indian Supply Chain (%)**



**Percentage of Modal Mix**



Source: Statista, India Times

### Rising Trends in the Industry

The growing shift from multichannel to omnichannel.

A growing focus on sustainability, especially decarbonization.

Great incorporation of a cloud-based system.

Increased use of blockchain tools to enable transparency and minimize disruptions.

Investment towards drone delivery and hi-tech vehicles.

Appropriate use of Artificial Intelligence and Machine Learning tools to enhance productivity.

Rise of cross-border e-commerce amongst the Indian consumers.

D2C category-driven growth in smaller and rural markets.

# Transport and Logistics

## GOVERNMENT INITIATIVES

### Major Initiatives

#### National Logistics Policy (NLP) 2022

On September 17, 2022, NLP was launched to boost the nation's economy and corporate competitiveness by developing an integrated, seamless, effective, dependable, green, sustainable, and cost-efficient logistics network. .

#### Key Features

##### Integration of Digital System (IDS)

- To integrate data from several ministerial departments to smooth cargo movement.

##### Unified Logistics Interface Platform (ULIP)

- To display all modes of transport available to facilitate cargo movement.

##### Ease of Logistic (ELOG)

- To simplify rules for logistics business.

##### System Improvement Group (SIG)

- Providing the officers from ministries the opportunities to monitor projects and remove bottlenecks.

#### National Multimodal Facilities and Warehousing

- The National Grid of Logistics Parks and Terminals promotes intermodal and Multimodal Logistics Parks (MMLPs) as a distinct infrastructure class, ensures optimal utilization, and supports planned development.

#### Framework for Effective Multimodal Facilities

##### Large Scale Freight

- To produce higher freight volume for upcoming industrial clusters and consumption centers.

##### Integrated Solutions

- To act as a one-stop shop for all services, including warehousing and customs clearance.

##### Value Added Services

- Provision for packaging, labeling, packing, and others.

##### Technology Driven

Enhanced way of managing freight information.

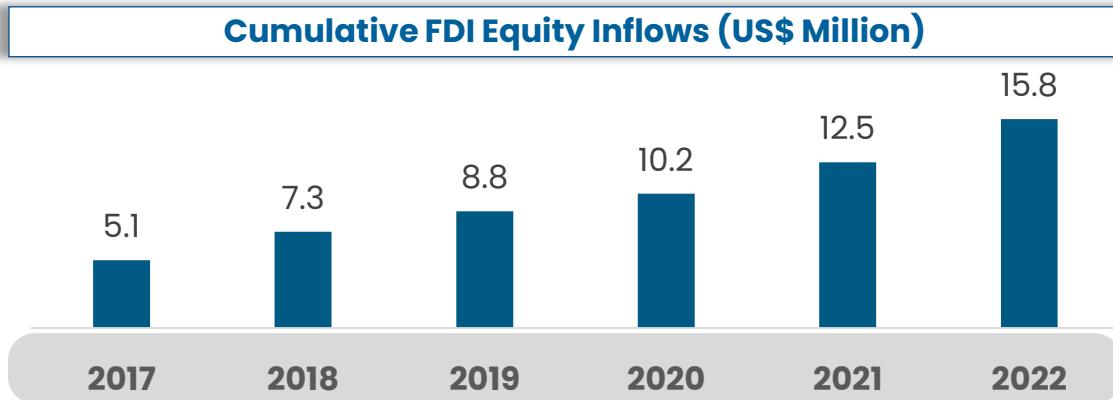
# 03 Industries

- **Defence**



# Defence Industry

## FDI INFLOW AND AGREEMENTS



- In FY 2023-24, Ministry of Defence (MoD) has been allocated a total Budget of Rs 5.94 lakh crore, which is 13.18 % of the total budget (Rs 45.03 lakh crore). Capital outlay pertaining to modernization and infrastructure development has been increased to Rs 1.63 lakh crore.
- Record 75% (approx. Rs one lakh crore) of the defence capital procurement budget has been earmarked for domestic industry in Financial Year (FY) 2023-24, up from 68 % in 2022-23. This was announced by Raksha Mantri Shri Rajnath Singh during the Bandhan ceremony of 14th Aero India in Bengaluru on February 15, 2023.

### Glimpse of a few agreements

- MoU between Hindustan Aeronautics Limited and Safran Helicopter Engines, France for Work Share for formation of Joint venture for Design, Development, Manufacture and life time support of Helicopter Engines.
- MoU between Bharat Electronics Ltd and Aeronautical Development Agency on IWBC and Other LRUs for Advanced Medium Combat Aircraft (AMCA).
- Co-operation between BSS Material Limited and Pegasus Engineering, an ADUSEA Inc. Division (USA) for Logistic Drones for the Indian Army towards Last Mile Delivery for forward troops deployed along the border areas with capability of operation in wind/gust condition, rain/Snow etc.
- MoU between Gopalan Aerospace India Pvt. Ltd. and Omnipol, Czech Republic for manufacturing and assembling of 1st passenger aircraft (L 410 UVP-E20 version) by a private company in India.
- MoU between Bharat Dynamics Limited and Bultexpro Ltd, Bulgaria for setting up the manufacturing facilities for 122mm GRAD BM ER and NONER rockets in India and fulfill the requirements (including ToT).
- MoU between GRSE and Rolls-Royce Solutions GmbH (MTU) for License production with localization of the MTU 16V4000M73L engine to support the indigenous content for the Next Generation Fast Attack Craft vessel for Indian Navy.
- BEML enters into License Agreement for Transfer of Technology (ToT) with R&DEE, DRDO for development and supply of TRAWL Assembly for T-72/T-90 Tanks.
- MoU between Hindustan Aeronautics Limited and Elta Systems Limited, Israel for cooperation on future Business in Maritime Patrol Radar (MPR) for Indian Platforms.

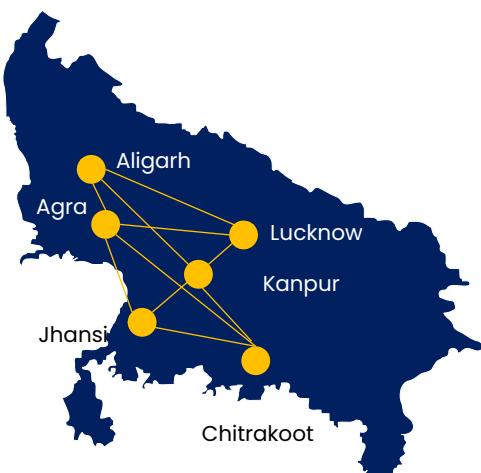
# Defence Industrial Corridors

## INDUSTRY CORRIDORS & INVESTMENTS

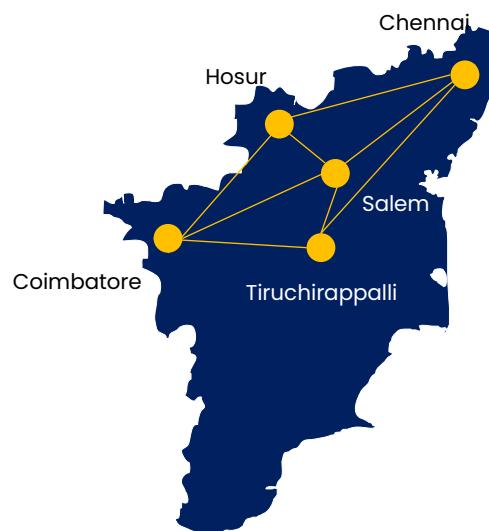
### Defence Industrial Corridors in the Country-

- To achieve Aatmanirbharta and realize the goal of 'Make in India', the Government of India has established two Defence Industrial Corridors (DICs) in the country, one in Uttar Pradesh and other in Tamil Nadu.
- Six nodes viz. Agra, Aligarh, Chitrakoot, Jhansi, Kanpur and Lucknow have been identified for developing Uttar Pradesh Defence Industrial Corridor (UPDIC). Already, Rs 2,422 crore have been invested in UPDIC.
- Five nodes viz. Chennai, Coimbatore, Hosur, Salem, and Tiruchirappalli identified for developing Tamil Nadu Defence Industrial Corridor (TNDIC). Rs 3,847 crore have already been invested in TNDIC.

#### Uttar Pradesh



#### Tamil Nadu



Source: India Brand Equity Foundation, Business Standard

### Investments

In 2020, the government announced increasing the foreign direct investment (FDI) limit from 49% to 74% under the automatic route and up to 100% through the government route in the defence sector.

India has received around Rs 494 crore of foreign direct investment in the defense sector since revising the policy relating to it in September 2020.

To encourage investment and for the transfer of technology or manufacture of defense, higher multipliers were assigned under the offset policy. Specific consultations are conducted constantly with Foreign Original Equipment Manufacturers (FOEM).

## 03 Industries

- Food Processing



# Food Processing (1/3)

## SECTOR HIGHLIGHTS & KEY DRIVERS

### Sector Highlights

Ranked  
**2<sup>nd</sup>**  
Globally in  
Food Production

Ranked  
**1<sup>st</sup>**  
Globally in  
Spice Production

Ranked  
**2<sup>nd</sup>**  
Globally in Fish as well  
as Aquaculture  
Production

Ranked  
**1<sup>st</sup>**  
in milk production  
In the world

Ranked  
**2<sup>nd</sup>**  
in Horticulture Crops  
production globally

Ranked  
**3<sup>rd</sup>**  
in Egg production

India's food processing sector is one of the largest in the world and its output is expected to reach \$535 Bn by 2025-26.

**18.8%**

% share of GVA of  
agriculture and allied  
sector to total economy

**11.6%**

Share in total  
employment

**10.4%**

Share in India's  
exports

#### Growth Drivers:

- Strong Domestic Demand
- Export opportunities
- Supply Side advantages
- Government Policy & Support

#### Related Sub Sectors:



##### Fruits & Vegetables

**Vegetables:** Largest producer of Ginger & Okra, **Fruits:** Largest producer of bananas, papayas, and mangoes. **Export (2021-22):** \$1.7 billion **FDI Permitted:** 100%



##### Animal Husbandry

The largest producer of Buffalo meat & 2<sup>nd</sup> largest of Goat meat **Export (2021-22):** \$3.5 billion **FDI Permitted:** 100% under government approval route for trading

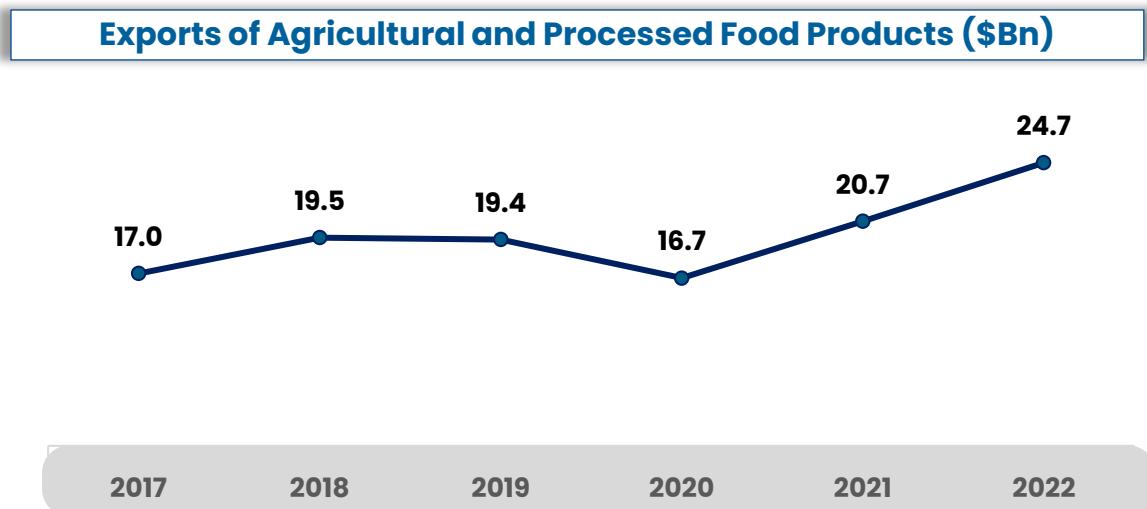
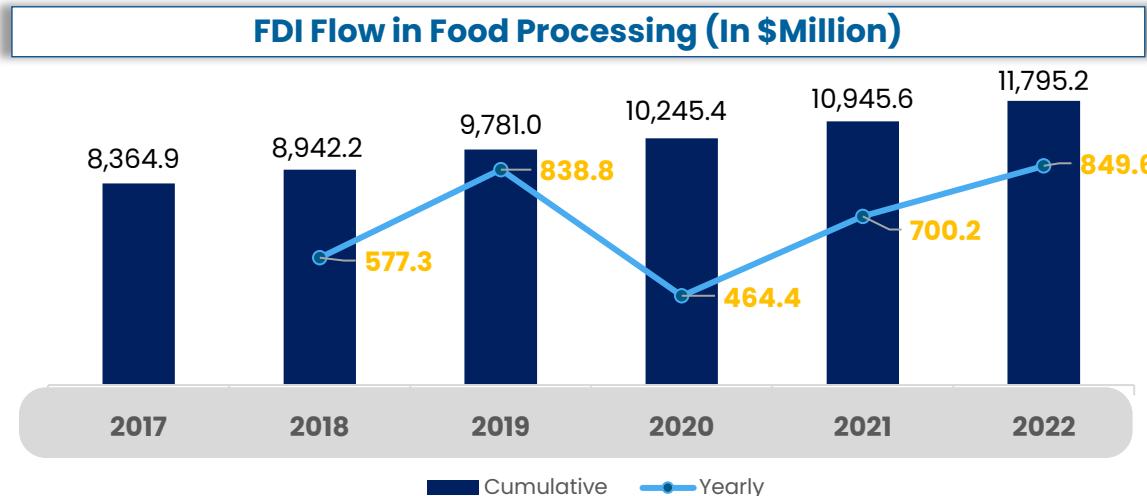


##### Dairy

The largest milk producer, contributing 24% of global milk production **Export (2021-22):** 108,711.27 MT dairy products worth \$391.59 million **FDI Permitted:** 100%

# Food Processing (2/3)

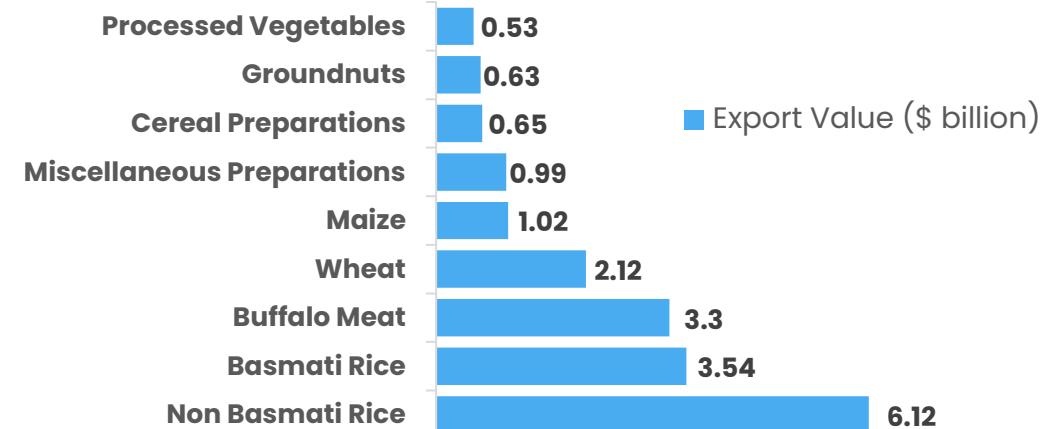
## FDI & EXPORTS



Source: Ministry Of Food Processing Industries, PIB, Invest India, Times Of India

- The total FDI received in Food Processing Sector grew at a CAGR of 10.1% between 2018 and 2022 and is expected to cross \$12 Billion by 2023
- **100% FDI** is permitted under the automatic route in food processing industries in India
- 100% FDI is allowed through the government approval route for trading, including through e-commerce in respect of food products manufactured or produced in India.

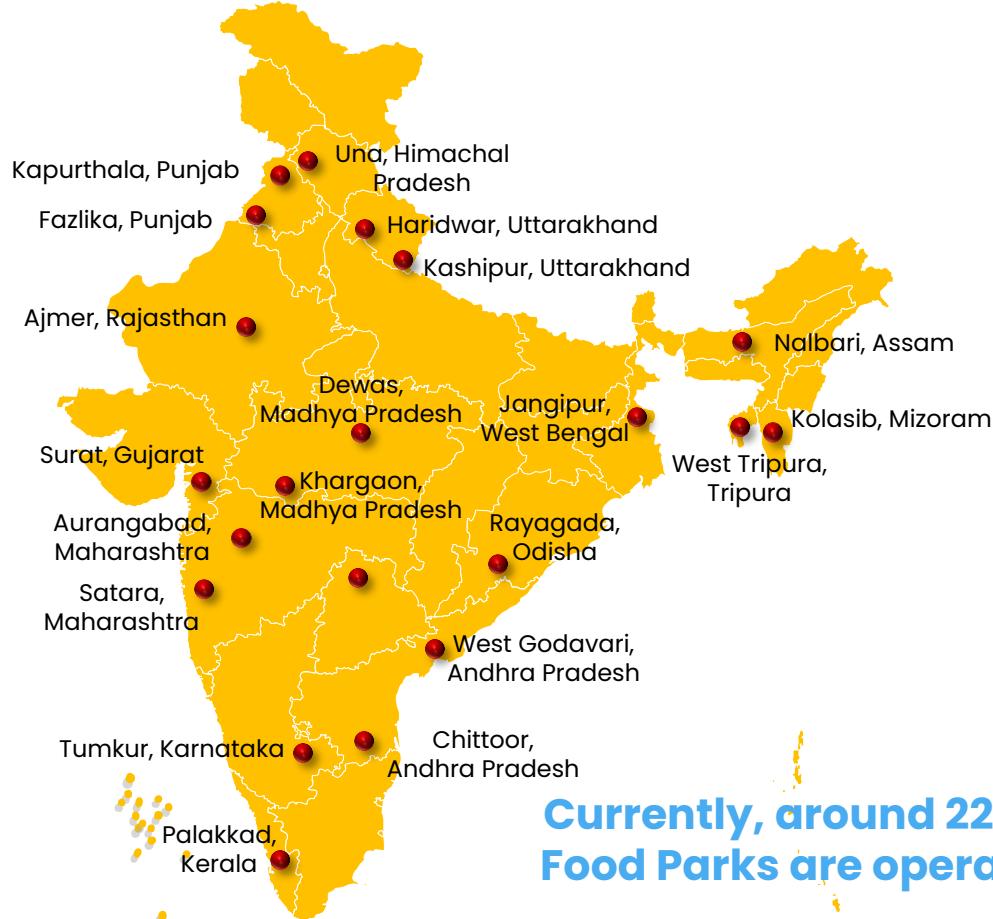
### Top 10 Exported APEDA Products in FY 2022



# Food Processing (3/3)

## GOVERNMENT SCHEMES

### MEGA FOOD PARKS



Source: Ministry Of Food Processing Industries, PIB, Invest India, Times Of India

### Major Government Schemes For Food Processing Industry

#### Product Linked Incentive (PLI) Scheme:

- In March 2021, the PLI scheme for food processing was approved with a total budget outlay of around Rs.10,900 crore to boost the growth of the food processing sector.
- The scheme is to be implemented for a period of seven years, from 2020-21 to 2026-27.
- As on Dec. 2022, the government has already invested Rs.4,900 crore in the sector through the PLI plan.

#### Pradhan Mantri Kisan Sampada Yojan (PMKSY):

- PMKSY has initially launched in 2017 under the name of SAMPADA with a total allocation of Rs.6000 crore, with a vision of creating modern infrastructure with efficient supply chain management from farm gate to retail outlet.
- The PMKSY scheme includes components like Mega Food Parks, Integrated Cold Chain and Value Addition Infrastructure, Infrastructure for Agro-Processing Clusters, Creation of Backward and Forward Linkages, Creation/Expansion of Food Processing & Preservation Capacities, etc.
- The government has continued the PMKSY scheme with an allocation of Rs.4600 crores till March 2026
- Under PMKSY, 41 Mega Food Parks, 376 Cold Chain projects, 79 Agro-Processing Clusters, 485 food processing units under Creation/Expansion of Food Processing & Preservation Capacities (CEFPPC), 61 Creation of Backward and Forward Linkages Projects & 06 Operation Green projects have been approved.

## 04 Indian Regulatory System



# India's Regulatory and Tax Systems

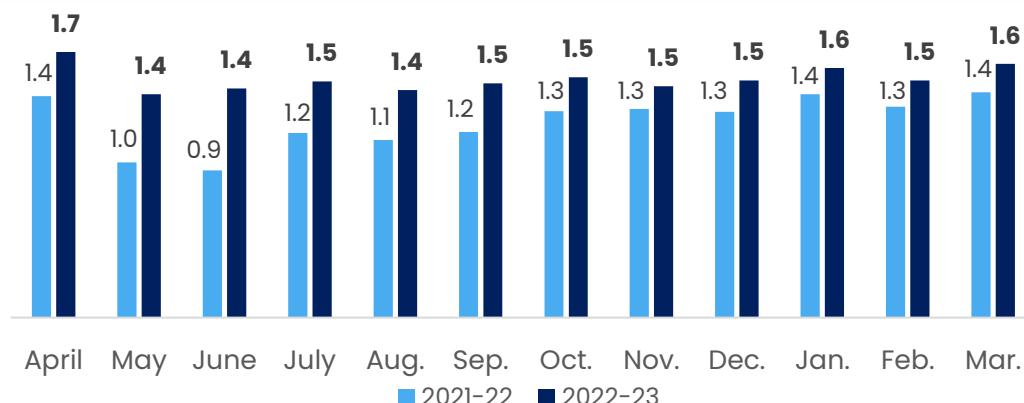
## GST REGIME

The **Goods and Services Tax (GST)** is a revolutionary taxation system that was initially rolled out at midnight of **1 July 2017**. It is an **indirect tax** that has **replaced** many indirect taxes in India, such as **excise duty, VAT, services tax, etc.**

### Three taxes are applicable under the GST system

- Central Goods and Services Tax (CGST):** Taxes levied on intrastate supplies of goods and services by the central government.
- State Goods and Services Tax (SGST):** Taxes levied on intrastate supplies of goods and services by the state government.
- Integrated Goods and Services Tax (IGST):** Taxes levied on all interstate supplies of goods and services. The tax is shared between the central and state governments.

### Trends In GST Collection (INR Trillion)



Source: India Filings, Deloitte, Tax Foundation

### Objectives Of GST:

#### Eliminate indirect taxes and achieve the system of "One Nation, One Tax":

GST helped India replace multiple indirect taxes such as service tax, Value Added Tax (VAT), Central Excise, etc., which existed under the previous tax regime. With the implementation of GST, the tax administration process is simplified and becomes easier to administer as the Central Government decides the rates and policies. It also reduced the compliance burden for the taxpayer.

#### Remove the cascading effect of taxes:

Under GST, the tax levy is only on the net value added at each stage of the supply chain. This has helped eliminate the cascading effect of taxes and contributed to the seamless flow of input tax credits across both goods and services. Removal of cascading effect reduced goods prices and contributed to competitive pricing across India and globally.

#### Increase taxpayer base and curb tax evasion:

GST has helped increase the tax-payers base by bringing a wide range of businesses under the tax net. A centralized surveillance system is also curbing tax evasion and minimizing tax fraud.

#### Promoting ease of doing business:

Under the previous tax regime, taxpayers faced many hardships, as they needed to deal with different tax authorities under each tax law which was cumbersome and complicated. As GST procedures are entirely carried out online, it has simplified taxpayer compliance and tax filing procedures.

#### Improved logistics and distribution system:

GST helped in reducing multiple documentation for the supply of goods. E-way bill system under GST removed interstate checkpoints and improved transit and destination efficiency, helping minimize logistics and warehousing costs.

# Govt. Subsidies, Incentives, and Trade Treaties

IN 2020, PRODUCTION LINKED INCENTIVE WAS INTRODUCED TO BOLSTER MANUFACTURING CAPABILITIES AND ENCOURAGE EXPORT-ORIENTED PRODUCTION.

- In March 2020, Production linked incentive (PLI) schemes were first introduced in India to bolster India's manufacturing capabilities and encourage export-oriented production. The scheme covered three industries during its launch, including **mobile manufacturing and electric components, pharmaceutical, and medical device manufacturing**.
- The Government of India later extended the scheme's coverage to **14 industries, as of Dec. 2022**, with a budgetary outlay of **\$26.48 Bn**.
- Indian Government is hoping that the implemented schemes will add **\$520 Bn** worth of manufacturing value to the economy during the PLI policy implementation period and will result in additional benefits like job creation, export capabilities, and reduced import dependency.
- The Government is also working on further simplifying compliance structure, improving the ease of doing business environment, creating multi-modal infrastructure to reduce logistics costs, and constructing district-level export hubs

For instance:

- The government came out with **the concept of a Letter of Undertaking** in order to enable exporters to export goods or services without payment of taxes under the GST and also refund accumulated GST Input Tax Credits against Exports to ease industry cash flows.
- Introduced **RoDTEP (Remission of Duties and Taxes on Export Product Scheme)** in 2021, with the objective of neutralizing the taxes and duties suffered on exported goods that are otherwise not credited or remitted, or refunded.
- **EPCG (Export Promotion Capital Goods Scheme)**: It facilitates the duty-free import of Capital Goods/Machinery to manufacture products meant for export.
- **Advance Authorization Scheme**: A scheme where the import of inputs will be allowed to be made duty-free if they are physically incorporated into a product that is going to be exported.
- The Govt. of India also extends Income Tax concessions in the form of a rebate on Income Tax from Export Profits

| Sectors   | Implementing Ministry/Department                        |
|---|---|
| Key Starting Materials (KSMs)/Drug Intermediates (DIs) and Active Pharmaceutical Ingredients (APIs) | Department of Pharmaceuticals                           |
| Large Scale Electronics Manufacturing   | Ministry of Electronics and Information Technology      |
| Manufacturing of Medical Devices  | Department of Pharmaceuticals                           |
| Electronic/Technology Products  | Ministry of Electronics and Information Technology      |
| Pharmaceuticals drugs   | Department of Pharmaceuticals                           |
| Telecom & Networking Products   | Department of Telecommunications                        |
| Food Products   | Ministry of Food Processing Industries                  |
| White Goods (ACs & LED)   | Department for Promotion of Industry and Internal Trade |
| High-Efficiency Solar PV Modules  | Ministry of New and Renewable Energy                    |
| Automobiles & Auto Components   | Department of Heavy Industry                            |
| Advance Chemistry Cell (ACC) Battery  | Department of Heavy Industry                            |
| Textile Products: MMF segment and technical textiles  | Ministry of Textiles                                    |
| Specialty Steel   | Ministry of Steel                                       |
| Drones and Drone Components   | Ministry of Civil Aviation                              |

# Credit Linked Capital Subsidy Scheme

CLCSS WAS INTRODUCED TO BOOST COMPETITIVENESS OF SMALL-SCALE INDUSTRIES BY OFFERING ACCESS TO SUBSIDIZED CAPITAL.

**Credit Linked Capital Subsidy Scheme (CLCSS)** was first introduced in **2000 by the Ministry of Micro, Small and Medium Enterprises** to boost competitiveness of small-scale industries by offering access to subsidized capital. The Scheme currently offers a **15% capital subsidy to small scale industries, with an upper limit of rupees one crore**.

**Currently, 12 nodal agencies are administering the disbursement of funds under the scheme:**

1. Bank of India
2. State Bank of India
3. Indian bank
4. Bank of Baroda
5. Andhra Bank
6. Punjab National Bank
7. Corporation Bank
8. Canara Bank
9. State Bank of Bikaner and Jaipur
10. Tamil Nadu Industrial Investment Corporation Limited
11. Small Industries Development Bank of India or SIDBI
12. National Bank for Agriculture and Rural Development or NABARD

## Benefits of the Scheme

- **Technology Advancement:** CLCSS facilitates technology up-gradation in MSMEs by providing an upfront capital subsidy, thus reducing their loan burden.
- **Competitiveness:** The schemes enable MSME's boost their efficiency and product quality by upgrading machinery and technology, which results in maximised profit, growth, and competitiveness.
- **Employment Boost:** Growth in MSME's lead to the creation of employment opportunities and in turn help in the development of rural economy.

## Products And Industries Covered under the Scheme:

Currently, around **51 sub-sectors or products are covered** under the up-gradation scheme. A few of them are listed below:

|  |                                       |
|--|---------------------------------------|
| • Drugs and Pharmaceuticals              | • Coir Products                       |
| • Printing industry                      | • Hardware for Information Technology |
| • Bicycle parts                          | • Fans and Motors                     |
| • Paints and Varnishes, Biotech industry | • Welding electrodes, etc.            |
| • Food Processing                        |                                       |

# India's Regulatory and Tax Systems

## CORPORATE TAX

In India, a **resident** company is **taxed on its worldwide income**, while a **non-resident** company is **taxed only on income that is received in India or that accrues or arises, or is deemed to accrue or arise, in India**.

The corporate income tax (CIT) rate (in %) applicable to an Indian company and a foreign company for the tax year 2021/22 is as follows:

| Income                                       | Turnover does not increase INR 4 bn in 2020/21 |           | For Other Domestic companies |           | Foreign Companies |           |
|--|--|-----------|------------------------------|-----------|-------------------|-----------|
|  | Basic  | Effective | Basic                        | Effective | Basic             | Effective |
| Less than INR 10 mn                          | 25   | 26        | 30                           | 31.20     | 40                | 41.6      |
| More than INR 10 mn but Less than INR 100 mn | 25   | 27.82     | 30                           | 33.38     | 40                | 42.43     |
| More than INR 100 mn                         | 25   | 29.12     | 30                           | 34.94     | 40                | 43.68     |

### Comparison with other major countries:

| Country        | National Rate |
|----------------|---------------|
| India          | 30%           |
| United States  | 25.81%        |
| United Kingdom | 25%           |
| China          | 25%           |
| Germany        | 30%           |
| Australia      | 30%           |
| Japan          | 29.74%        |

Note: India has an option to reduce Corporate Tax Rate @ 25% under certain conditions for domestic companies.

### □ India Double Taxation Treaty

- Double taxation is the levying of tax by two countries on the same income of an assessee. Double taxation is usually an issue for NRIs and Foreign Nationals doing business in India. The Double Taxation Avoidance Agreement enables an individual to avoid paying double taxes on income earned in their country of residence and India.
- India has Double Taxation Avoidance Agreements (DTAA) with 88 countries, out of which 86 are in force.

# India's Regulatory and Tax Systems

## SPECIAL ECONOMIC ZONE (SEZ)

**Special Economic Zone (SEZ) Act, 2005**, was implemented by the Government of India to **establish, develop, and manage** Special Economic Zones to provide **an internationally competitive and hassle-free climate for export promotion in India**.

### Main Objectives of SEZ

- Develop additional **economic activity**
- Encourage **exports of goods and services**
- Encourage **investment from domestic and foreign sources**
- Create **employment opportunities**
- **Strengthen infrastructure** facilities

### SEZ: Advantages & Incentives

The GOI offers several incentives for companies and businesses established in SEZs. A few Advantages are mentioned below:

- Duty-free import / domestic procurement of goods for the development, operation, and maintenance of units in SEZ
- 100% Income tax exemption on export income for SEZ units under the Income Tax Act for the first five years, 50% for the next five years after that, and 50% of the reinvested export profit for the next five years
- Relief from Central Sales Tax, Service Tax, and State sales tax
- Exemption from Minimum Alternate Tax (MAT)
- Single window clearance for Central and State level approvals
- No need for an import license and separate documentation for customs and export-import policy
- 100% FDI is allowed in the manufacturing sector

### Number Of SEZs In India

As of January 2023, there are approximately **270 SEZs operational** in the country. The top five states, **Tamil Nadu, Telangana, Karnataka, Andhra Pradesh, and Maharashtra, account for 64% of SEZs**. SEZs employ around **two million** people in India.

|                            |   |     |
|----------------------------|---|-----|
| SEZs approved              | ➤ | 425 |
| SEZs notified              | ➤ | 378 |
| SEZs approved in-principle | ➤ | 33  |
| SEZs operational           | ➤ | 270 |

# India's Regulatory and Tax Systems

## FOREIGN TRADE POLICY

The **Commerce and Industry Ministry** unveiled a new **open-ended foreign trade policy (FTP) 2023**, which comes into effect from **April 1, 2023**.

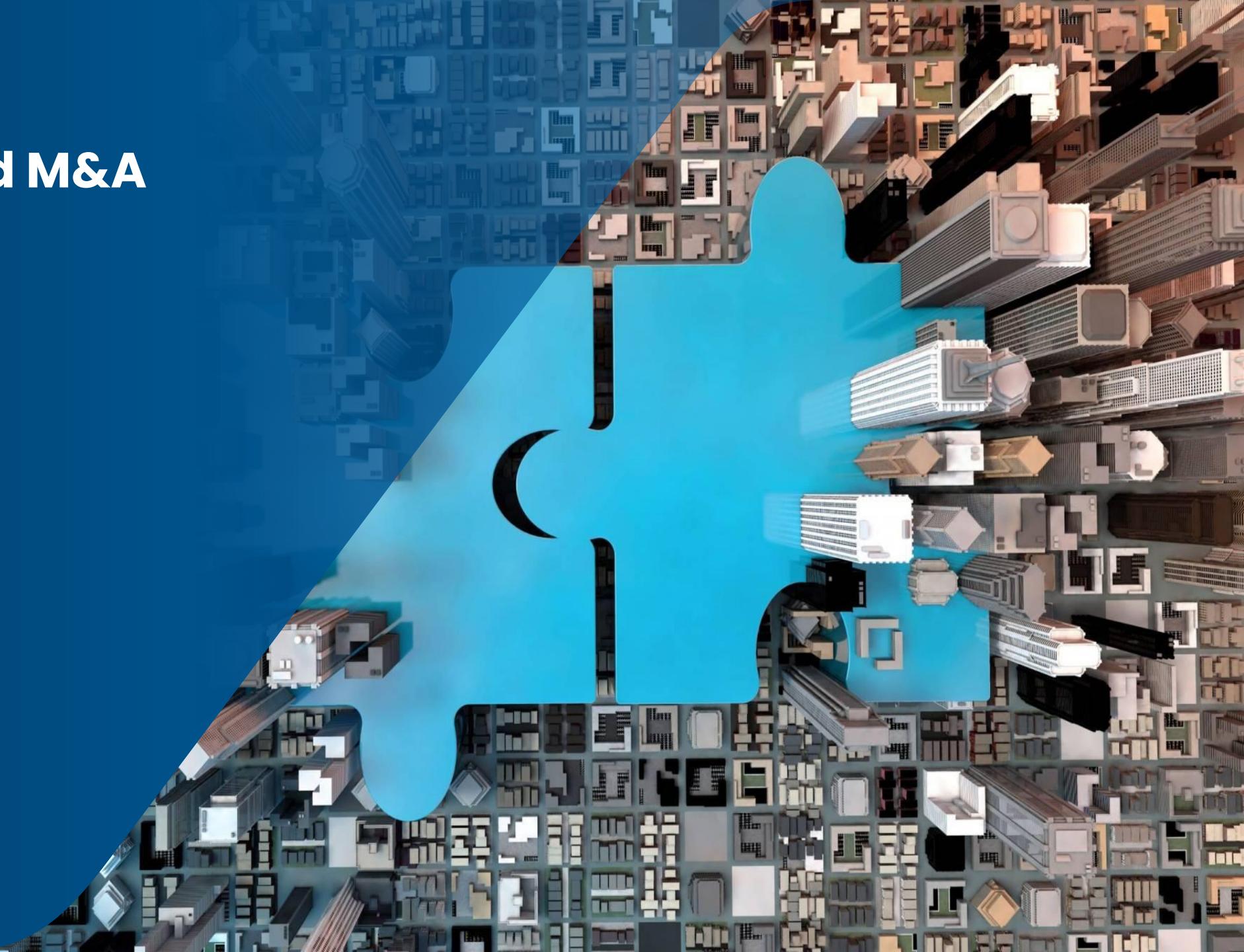
### Salient Features of FTP 2023

- Targets **\$2 Trillion** in exports by 2030
- **Continuous and responsive framework** with no end date
- Making the **Rupee a global currency**
- Making **India a trade hub**
- **Digitalisation and faster processing** of applications
- **Amnesty scheme** for the shortfall in export obligations
- **Restructuring** of the Department of Commerce
- Over **50% reduction** in the threshold for **recognition of star trade houses**

### The Key Approach is based on Four Pillars

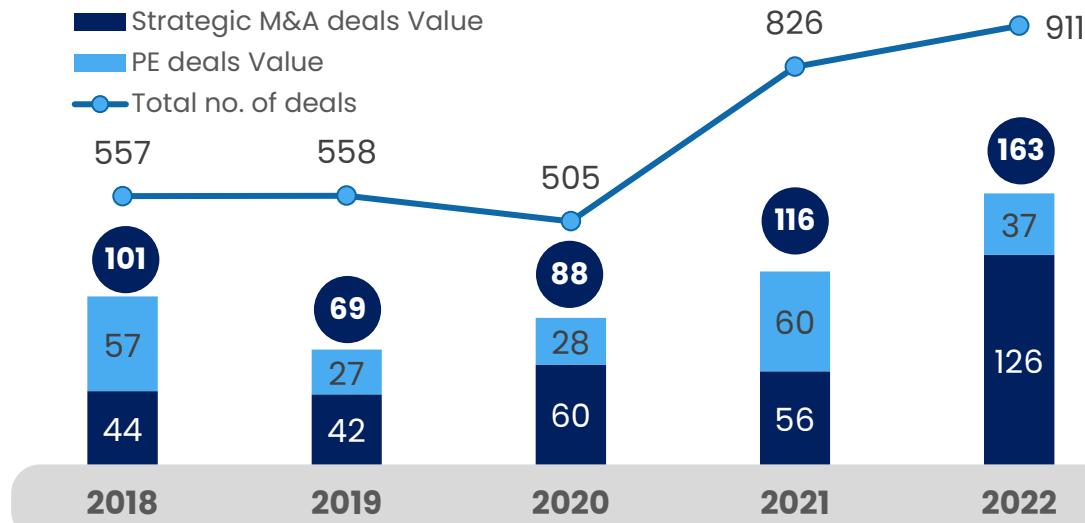
- Incentive to Remission
- Export promotion through collaboration – Exporters, States, Districts, Indian Missions
- Ease of doing business, reduction in transaction cost and e-initiatives
- **Emerging Areas:**
  - E-Commerce,
  - Developing Districts as Export Hubs,
  - Streamlining Special Chemicals, Organisms, Materials, Equipment, and Technologies (SCOMET) policy.

## 05 PE, VC and M&A



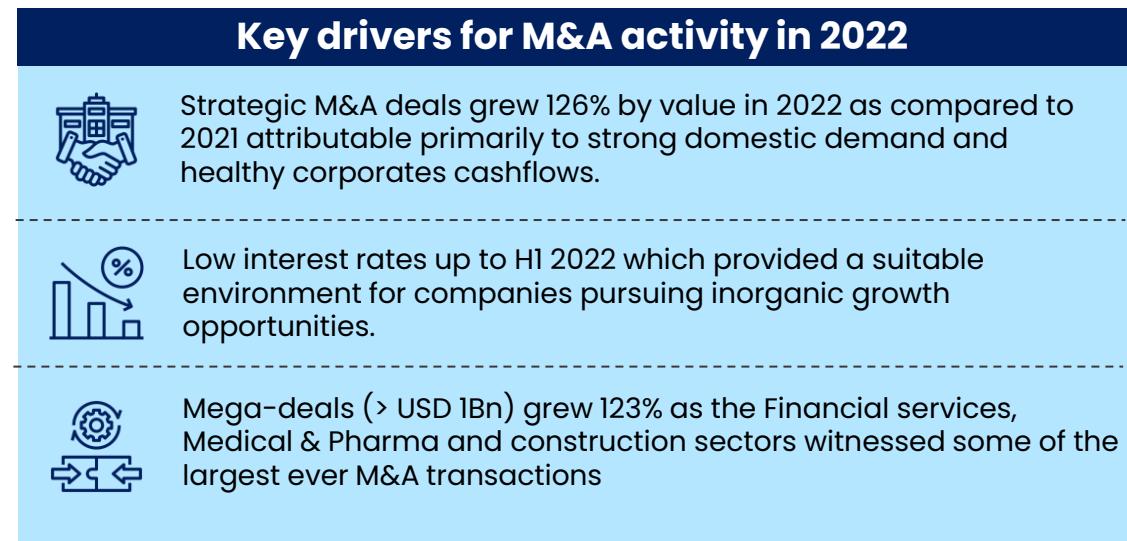
# M&A Deals in India

The M&A market in India crossed USD 160 Billion during 2022



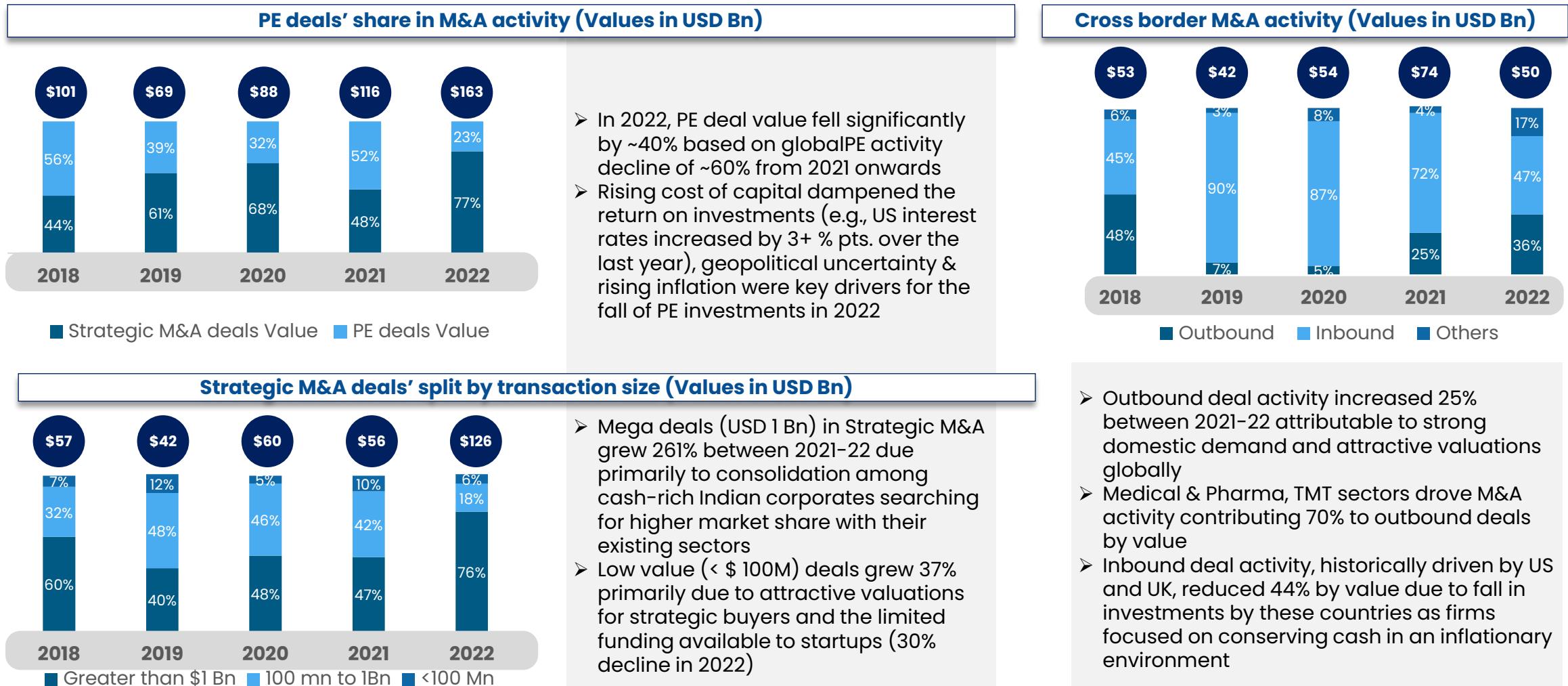
| Deal Description                                    | Value (USD Bn) |
|---|----------------|
| HDFC Ltd merger with HDFC Bank                      | 60.4           |
| Adani Group acquires Ambuja Cement                  | 6.2            |
| BSNL merges with BBNL                               | 4              |
| Biocon acquires Biosimilars business of Viatris Inc | 3.3            |
| MindTree merges with L&T Infotech                   | 3              |

Source: VC Circle, India Briefing



# M&A Deal Share

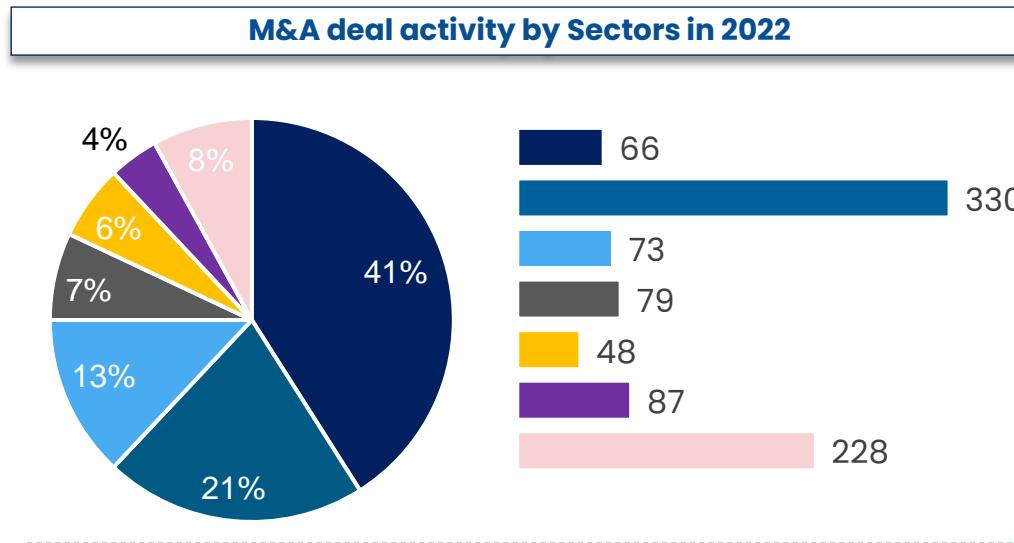
M&A ACTIVITY IN INDIA IS EXPECTED TO REMAIN STRONG IN 2023 PE DEALS' SHARE IN M&A BACKED BY STRATEGIC M&A AND RISING CROSS BORDER TRANSACTIONS



Source: E&Y, McKinsey, IndiaTimes

# Sector wise M&A Deals

## DEAL ACTIVITY



|                             | Capital Requirement | Portfolio Restructuring | Innovation | Strategic expansion |
|-----------------------------|---------------------|-------------------------|------------|---------------------|
| Financial Services          | ✓                   |                         |            |                     |
| Technology, Media & Telecom |                     | ✓                       |            |                     |
| Construction & Transport    |                     | ✓                       |            |                     |
| Medical & Pharma            |                     |                         | ✓          | ✓                   |
| Energy                      |                     |                         | ✓          |                     |
| Industrial & Manufacturing  |                     |                         | ✓          |                     |
| Others                      |                     | ✓                       |            | ✓                   |

01

Transaction activity in the financial services sector surged 2.5x in value, mostly due to transactions including portfolio restructuring using cross-selling opportunities and product development with fintech and other digital capabilities.

02

In 2022, the TMT sector saw a change from being fueled by PE activity to being fueled by strategic deals. In the last year, mergers have climbed by 47% and divestitures by 53%, while the PE has decreased from 75% to 40%.

03

The Indian government's aim for rapid infrastructure development caused the deal value in the sectors of construction and transportation to increase by 110 between 2021 and 2022. The cement industry and assets for toll roads were among the key industries that saw the most deal activity.

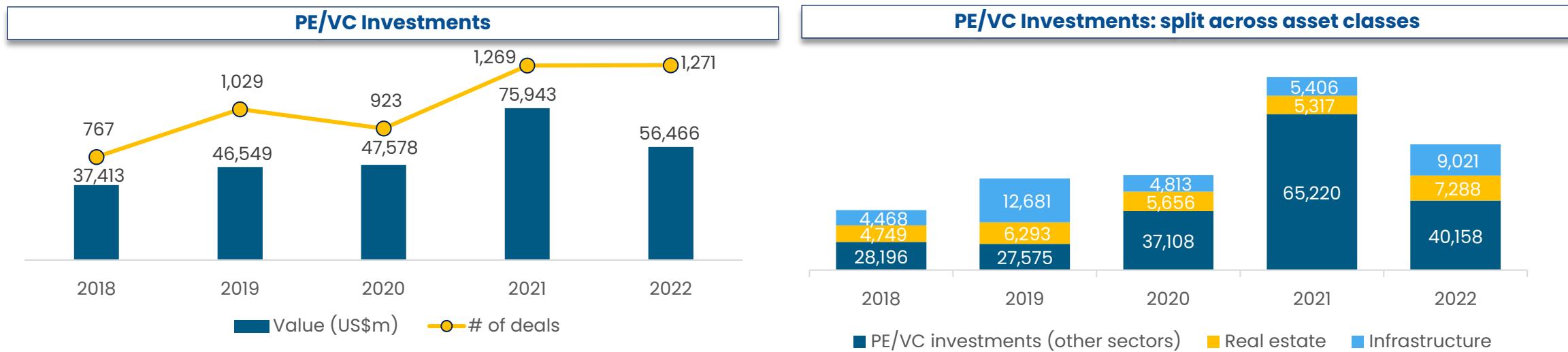
1. Top Deals in Financial Services: HDFC Bank and HDFC merger for \$57.2 B, Axis Bank Citi Bank acquisition for \$1.5B

Top Deals in TMT: G01 acquisition of BSNL stakes for \$4.1 B, LTI acquisition of Mindtree for \$3.1 B

Top Deals in Construction & Transport: Adani Group acquisition of Ambuja Cements for \$8.5 B and ACC Cement for \$1.6 B

# PE/VC Investments

INFRASTRUCTURE, REAL ESTATE, AND HEALTHCARE SECTORS HAS SHOWN INCREASE IN PE/VC INVESTMENT IN 2022

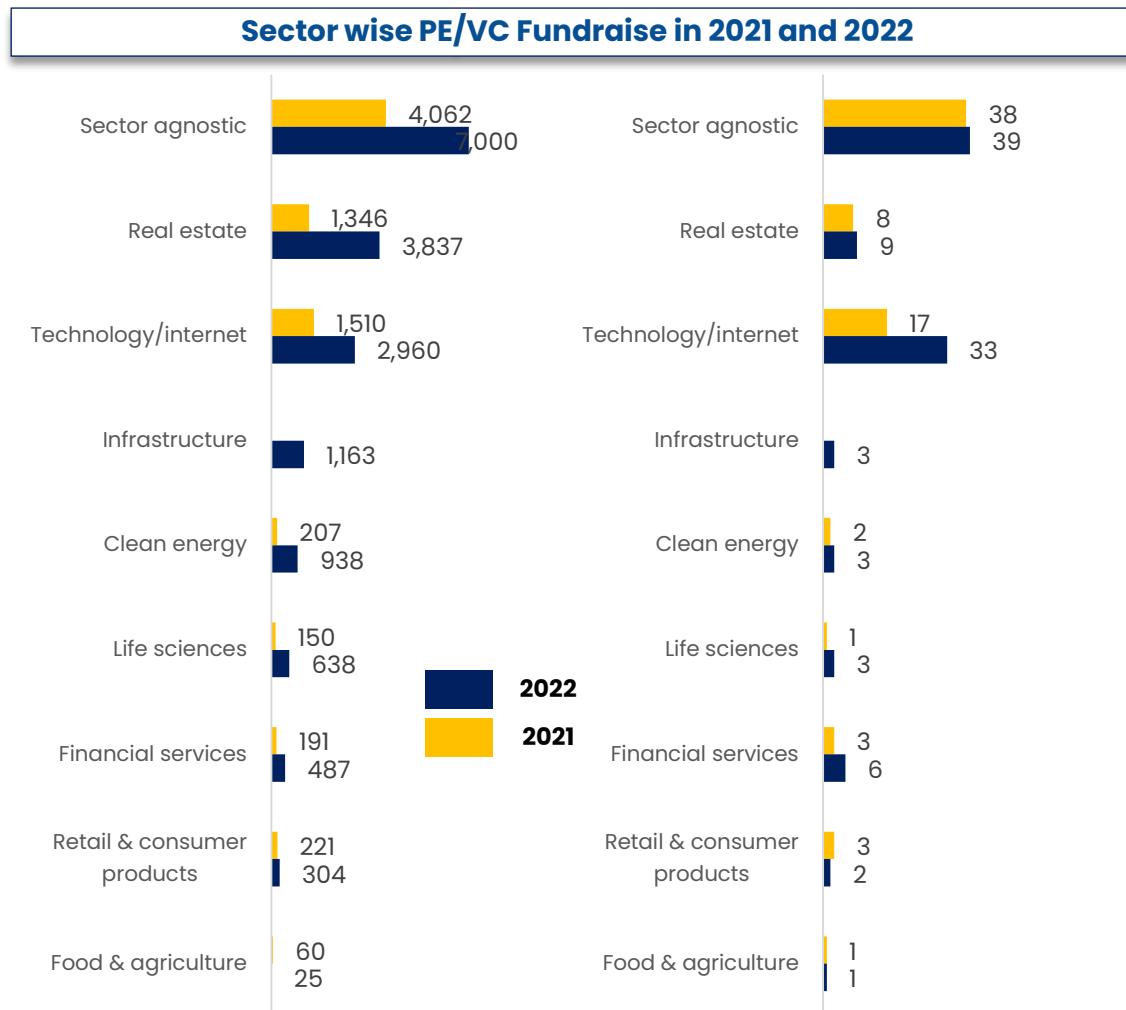


- PE/VC investments fell 26% y-o-y in 2022 after five consecutive record-breaking years, primarily due to smaller deal sizes as volume remained relatively flat. Most of the mega funding rounds in 2021 were fueled by the massive stimulus provided by global central banks and the low-interest rate regime following COVID-19. However, with the rise in business uncertainty, the same got rationalized in 2022. Despite this significant degrowth, 2022 was the second-best year for Indian PE/VC investments.
- The number of large deals (value greater than US\$100 m) declined by 28% in 2022 (131 deals vs. 181 deals in 2021). The fall in pure play PE/VC investments was more pronounced, with a 38% y-o-y decline (US\$40.2 billion vs. US\$65.2 billion in 2021). Buyouts recorded the sharpest fall in terms of value, down by 48% y-o-y (US\$10.8 billion vs. US\$20.8 billion in 2021) and 11% in terms of the number of deals (54 in 2022 vs. 62 in 2021).

- The financial services sector recorded the maximum PE/VC investments in 2022, both in terms of value and volume. In term of value, at US\$10.5 billion, investments in the financial services sector in 2022 declined by 10% y-o-y.
- Technology and e-commerce, which were the favorite sectors in 2021, recorded US\$6.1 billion and US\$5.4 billion in PE/VC investments respectively, both recording over 60% decline y-o-y.
- Infrastructure, real estate, and healthcare were the only major sectors to record a significant increase in PE/VC investments. Infrastructure sector recorded ~US\$9 billion in 2022, a 67% increase y-o-y and the real estate sector recorded US\$7.3 billion, a 38% increase y-o-y. Healthcare sector recorded US\$2.5 billion in PE/VC investments, a 22% increase y-o-y.

# PE/VC Fundraise

INDIA-DEDICATED PE/VC FUNDRAISING HAS BEEN ON AN UPTREND HISTORICALLY



India-dedicated PE/VC fundraising was on an uptrend until 2019. However, on account of the pandemic, fundraising witnessed a slowdown for two years (2020-2021). This trend has reversed in 2022 with India dedicated funds raising US\$17.4 billion, an all-time high for India.

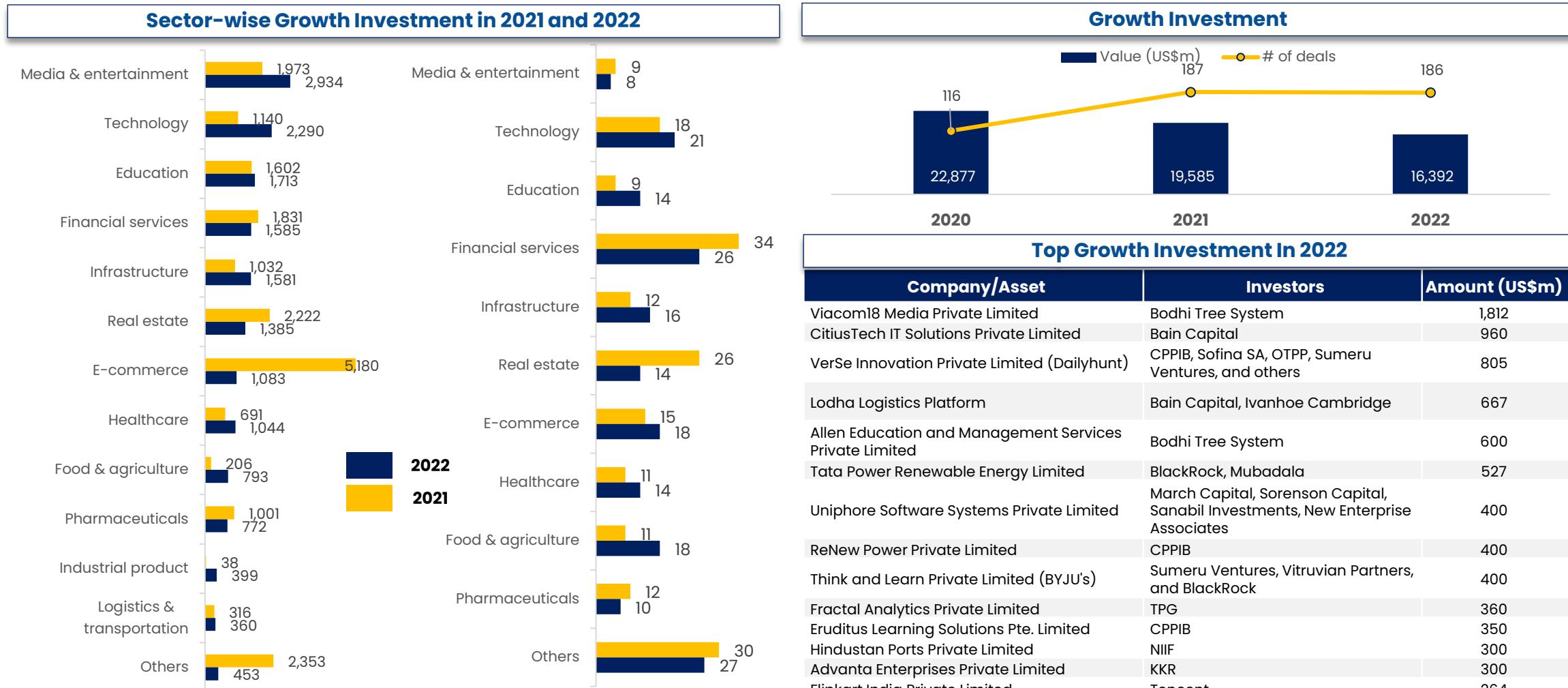
**Top PE/VC Fundraise in 2022**

| Fund  | PE/VC GP           | US\$ Million |
|---|--------------------|--------------|
| Sequoia Capital India-SEA fund  | Sequoia            | 2,000        |
| HDFC Capital Affordable Real Estate Fund-3  | HDFC Capital       | 1,880        |
| Green Growth Equity Fund  | EverSource Capital | 671          |
| Elevation Capital 8 <sup>th</sup> Fund  | Elevation Capital  | 670          |
| Kotak Infrastructure Investment Fund  | Kotak              | 650          |
| Special Window for Affordable and Mid-Income Housing Fund (SWAMIH) Investment Fund I<br>(managed by SBI Capital Ventures) | SWAMIH             | 610          |
| Jungle Ventures Fund IV   | Jungle Ventures    | 600          |
| KIA 12th real estate fund   | Kotak              | 590          |
| India Business Excellence Fund IV   | Motilal Oswal      | 549          |
| Lightspeed India IV   | Lightspeed         | 500          |

Source: E&Y, McKinsey, The Economic Times

# PE/VC Growth Investment

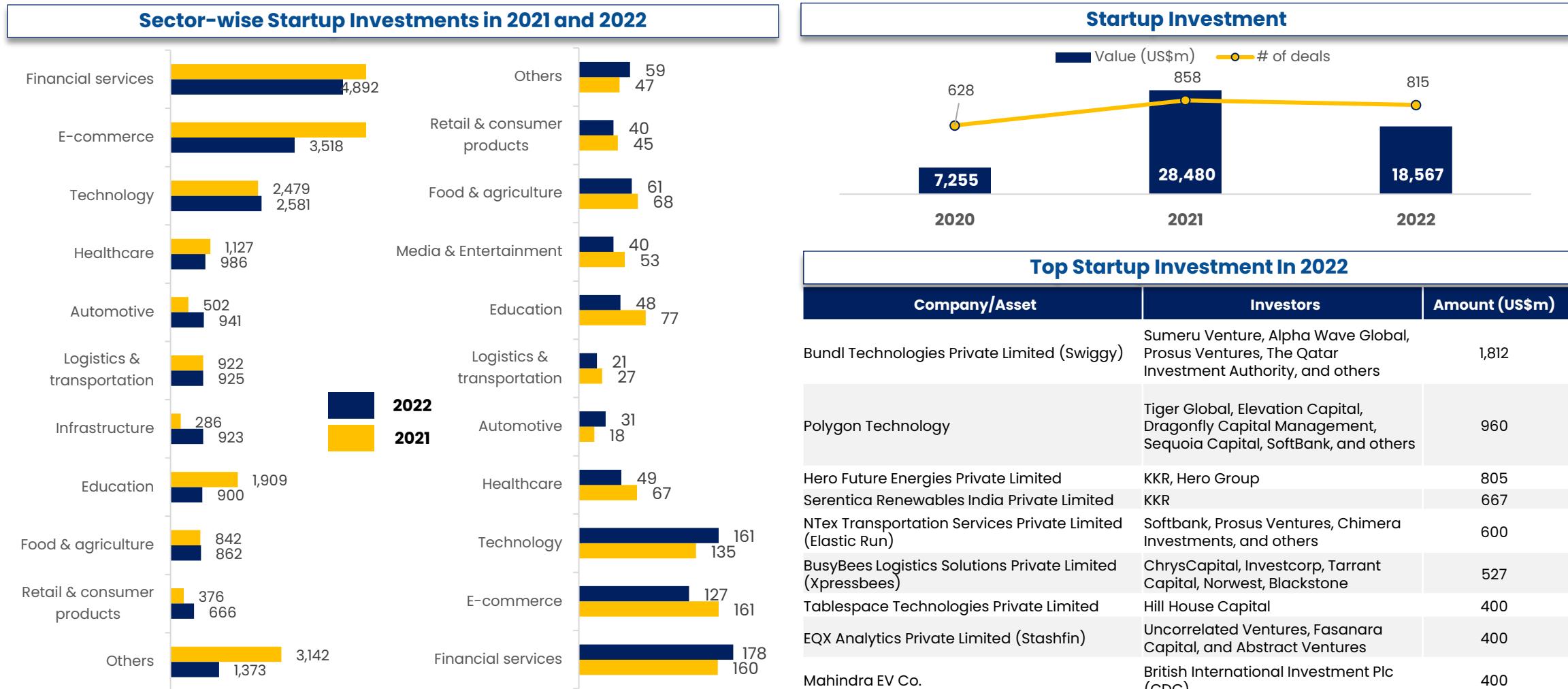
EIGHT SECTORS RECORDED OVER US\$1 BILLION IN GROWTH INVESTMENTS IN 2022 LED BY MEDIA AND ENTERTAINMENT, TECHNOLOGY, EDUCATION, AND FINANCIAL SERVICES.



Source: E&Y, McKinsey, PwC

# PE/VC Startup Investments

STARTUP INVESTMENTS IN 2022 DECLINED BY 35% ON A Y-O-Y BASIS TO US\$18.6 BILLION



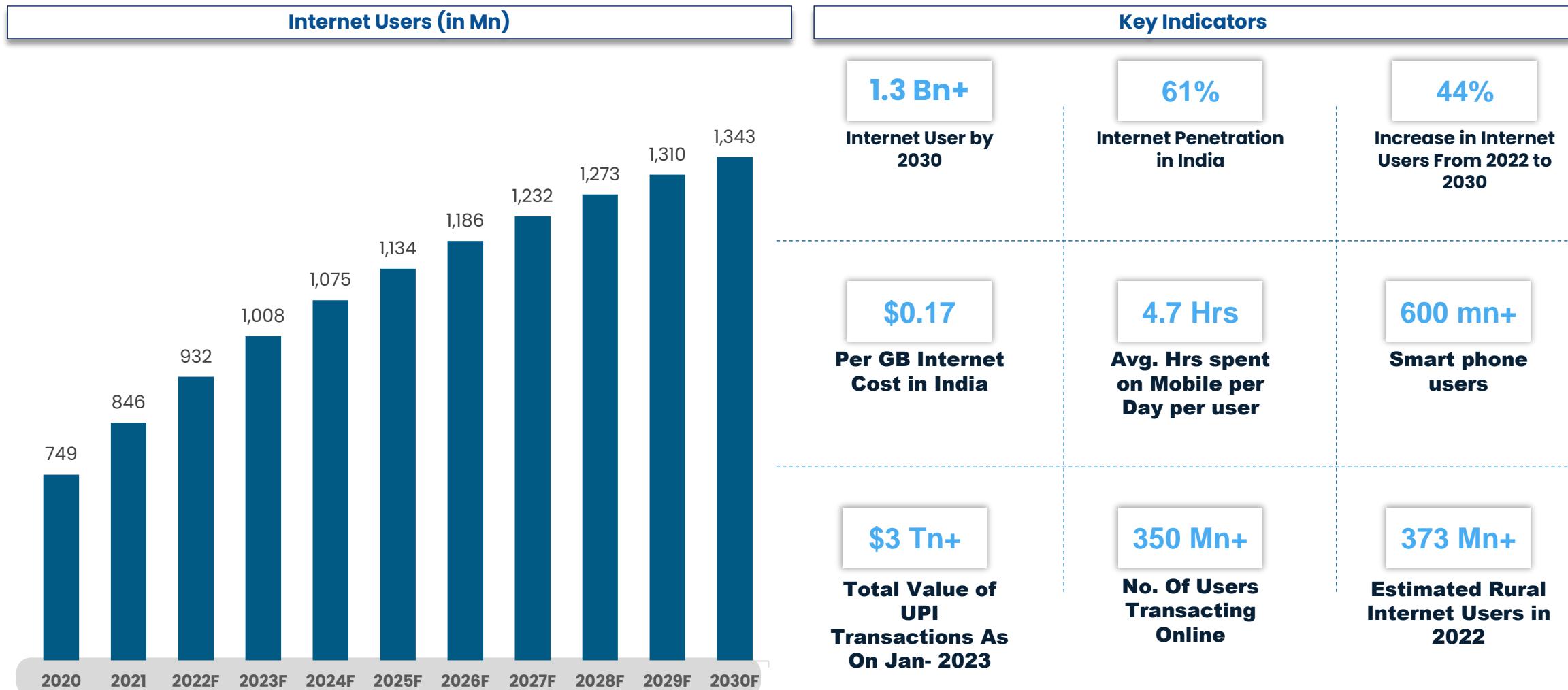
Source: E&Y, McKinsey, PwC

## 06 Start-ups Story



# Digital Economy – In a Nutshell

## KEY INDICATORS



Source: Statista, LiveMint

# Indian Startup Economy – An Overview

GOVERNMENT'S FOCUS ON SUPPORTING ENTREPRENEURSHIP IS MAJOR FACTOR FOR STARTUPS

## Market Size and Growth

**60K+**  
Tech Startups  
Launched till  
date

**108**  
Unicorns

**9.5K+**  
Investors  
Backing Indian  
Startups

**300+**  
Accelerators &  
Incubators  
Fueling Startup  
Growth

**3rd**  
Largest Startup  
Ecosystem In  
The World

**102**  
Soonicons

**1.2K+**  
M&A Deals

**18+**  
Startup IPOs

**\$500 Bn+**  
Combined  
Valuation Of  
Indian Startups

**750k**  
Jobs Created  
By Startups

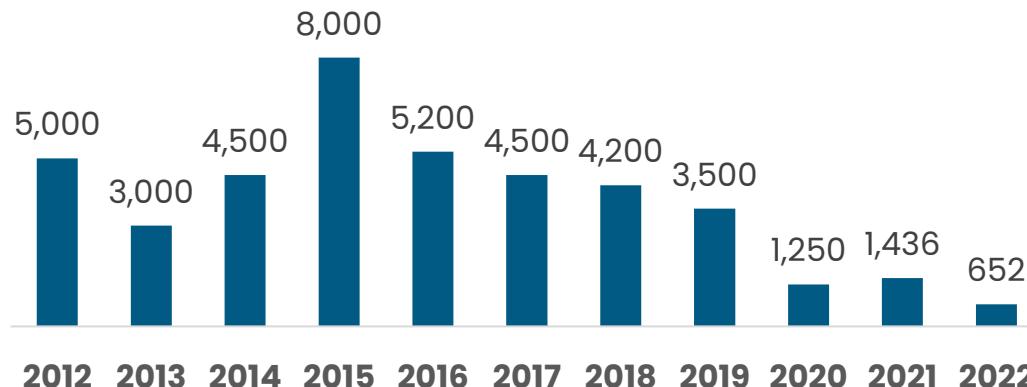
**\$6.4 Bn+**  
Spent On M&As

**22+**  
Upcoming IPOs

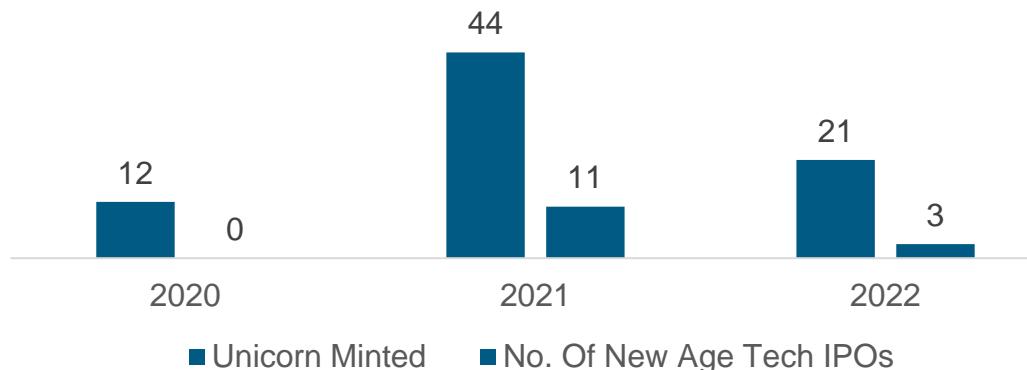
Over the past decade, the Indian startup ecosystem has come a long way. With the rise of digital technologies and an increasing number of young entrepreneurs, the country is now home to the third-largest startup ecosystem in the world.

# New Startup Launches and IPOs

## New Tech Startup Launches



## New Tech Startup Launches



Source: PIB, Inc. 42, India Times

## Comparison between USA, China and India

| Total Funding (2014 to 2022) | \$136 Bn | \$837 Bn | \$2.7 Tn |
|------------------------------|----------|----------|----------|
| Funding CAGR (2019 to 2022)  | 27%      | 26%      | 85%      |
| Internet Penetration (2021)  | 61%      | 73%      | 90%      |
| Total Internet Users (2021)  | 846 Mn   | 1.03 Bn  | 302 Mn   |

## IPOs in last two years



## Upcoming IPOs



# Top Startups (1/2)

Revenue >\$500 Mn

|  |
|--|
|           |
| <b>DELHIVERY</b>   |
|           |
| Flipkart  |
| of business  |
| <b>Paytm</b>   |
|           |
|          |
| <b>ZETWERK</b>   |
|         |
| <b>zomato</b>  |

Revenue \$50 Mn to \$500 Mn

|  |
|--|
| <b>TATA 1mg</b>  |
|    |
| <b>absolute</b>  |
|     |
| <b>REBEL foods</b>   |
|     |
| <b>CoinDCX</b>   |
|     |
| <b>BIRAO</b>   |
|    |
| <b>BLACKBUCK</b>   |
|   |
| <b>VERSE</b>   |
|  |



Source: PIB, Inc. 42, India Times

# Top Startups (2/2)

Revenue \$ 1 Mn to \$50 Mn

|               |                                    |                                  |                             |   |                                 |                      |  |
|---------------|------------------------------------|----------------------------------|-----------------------------|---|---------------------------------|----------------------|--|
| Adda247       | clear                              | FURLenco                         | LEAD                        | netradyne   | policybazaar.com                | SUGAR                | Wingify  |
| aknamed       | CleverTap                          | GoMechanic                       | leadsquared                 | Niyo  | PROGCAP<br>CAPITAL FOR PROGRESS | TheMathCompany       | WONDERCHEF                                     |
| apna          | CollegeDekhli                      | GOQii                            | LEAP<br>EDUCATIONAL COMPANY | NODWIN GAMING                                       | propelld                        | THE SLEEP COMPANY    | Wooden Street<br>Furniture... bonded with love |
| atlan         | crofarm                            | Healthians                       | LeapScholar                 | NYKAA   | purple                          | Smiled Store         | WOW<br>SKIN SCIENCE                            |
| betterplace   | Cropin                             | HealthifyMe                      | lentra                      | one card  | rapido<br>RIDE TAXI             | toothsi              | Yubi   |
| BIRVANI       | cure.fit                           | hoichoi                          | leverage<br>edu             | open  | rentomojo!                      | travelboutiqueonline | yulu   |
| blinkit       | darwinbox                          | iD                               | M2P                         | oxyzo   | Rupeek                          | true balance         | zenoti   |
| BOUNCE        | DocsApp                            | idealargin                       | MapMyIndia                  | OYO   | SERVIFY™                        | truemeds             | zest   |
| capillary     | DUNZO                              | InCred<br>Review With Confidence | in caffeine                 | papar boat  | SIGNZY                          | turtlemint™          | Zoomcar<br>Never Stop Living                   |
| captain fresh | EaseMyTrip.com                     | indifi                           | mfine                       | PARK +  | simplilearn                     | twinT                | ZUPEE  |
| CarDekho      | exotel                             | INDmoney<br>Super Money App      | moengage                    | paytm<br>mall                                       | smallcase                       | unicommerce          |  |
| CarTrade.com  | FarEye                             | inshorts<br>stay informed        | moneyview                   | pepperfry   | Soothe<br>Healthcare            | uniphore             |  |
| Chaayos       | EAT CLUB<br>BRANDS                 | ixigo                            | MONEYTAP                    | Perfios<br>REACTIVE ANALYSIS & DECISIONING SOLUTION | Spinny                          | VAHDAM®<br>TEAS      |  |
| Chargebee     | FINOVA CAPITAL<br>FINANCING DREAMS | JUSPAY                           | mswipe                      | PharmEasy   | square yards                    | Vedantu              |  |
| Classplus     | Fresh<br>to home                   | KhataBook                        | navi                        | PhysicsWallah                                       | stanza living                   | WebEngage            |  |
|               | FLEXLOANS                          | kissht                           | NEEMAN'S                    | plum  | stashfin                        | whatfix              |  |

Source: PIB, Inc. 42, India Times

# Unicorns and Soonicorns

VALUED \$10 BN  
OR ABOVE



VALUED BETWEEN  
\$5 BN & \$10 BN



SOONICORNS



VALUED  
BETWEEN \$1 BN  
& \$5 BN



Source: PIB, Inc. 42, India Times

## 07 Growth Drivers



# Growth Drivers

## FACTORS FUELING THE GROWTH OF INDUSTRIES IN INDIA



### Skilled and Low-Cost Labor:

India has a large and well-educated workforce, with over 10 million graduates every year, including in engineering and technology. According to a report by KPMG, the average wage of a software engineer in India is approximately one-fifth of that in the United States. The report also notes that labor costs in India are lower than in China, Brazil, and Mexico. Thus, the Low cost of Labour and other forms of Capital in the Indian Factor Markets gives the economy a distinct advantage in low production costs and better competitive prices in the international market.



### Infrastructure Development:

The government of India has invested heavily in infrastructure development, including the construction of new highways, airports, and ports. According to a report by PwC, India is expected to invest \$1.4 trillion in infrastructure through the 'National Infrastructure Pipeline' over the next five years, creating opportunities for foreign investors.



### Large Consumer Base:

India is the world's second-most populous country, with over 1.4 billion people. The country is expected to add 140 million middle-income households to be added to its economy by 2030 and 14 million high-net individuals (HNI) households as a sign of India's strength going forward.



### Natural Resources:

India has abundant natural resources, including coal, iron ore, and precious metals, and has a large availability of land. The country is also the world's largest producer of milk and the second-largest producer of wheat and rice. These resources provide ample opportunities for companies in the manufacturing and agriculture sectors.



### Government Support:

GOI has implemented several initiatives to encourage foreign investment, including the Make in India program, which aims to increase the share of manufacturing in the country's GDP. It has also simplified the process of obtaining permits, licenses, and approvals and provided tax incentives for foreign investors. India has made significant improvements in its ease of doing business rankings, moving from 142nd in 2014 to 63rd in 2022.



### Growing Digital Economy:

India has a rapidly growing digital economy, with more than 800 million internet users and the second-largest smartphone market in the world. The E-commerce market is also on the rise, with the sector projected to grow to around \$163 billion by 2026, with a CAGR of 27% between 2022 and 2026.



### Rapid Technological Adoption:

India is rapidly becoming a hub for emerging technologies such as artificial intelligence, blockchain, and the Internet of Things (IoT). According to a report by NASSCOM, the Indian IT industry is expected to grow rapidly and will reach a size of \$245 billion in size in 2023.



### Politically Stable:

India is a federal parliamentary democratic republic, with a President as the head of the state and a Prime Minister as the head of government. India has a long history of stable democratic governance, with regular elections and peaceful transitions of power. It is a politically stable country with a strong tradition of democratic governance.