Make in India, start up’s and package scheme of incentive 2013

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Building a better working world

Indian economy: a dichotomy

Indian Economy Projections

3rd Largest in the World by Purchasing Power Parity
10th Largest in the World by Nominal GDP

Projected to be 3rd Largest in the World by Nominal GDP by 2030

Projected to be of similar size as that of US by 2050

Ease of Doing Business Rankings 2016

- *Where do we stand among 189 countries*
- *India Overall Rank: 130 (Jumped up by 12 places as against previous year ranking of 142)*
- *India Rank: Paying Taxes: 157*

The Country requires some massive regulatory and tax reforms to be considered as a preferred destination in terms of ease of doing business.

GST is one of such massive tax reform in this direction.

Make in India

I. Infrastructure development

Land

- Online and hassle free land registration and allotment
- Land Acquisition Bill
- Land Pooling

Power

- Mission of 24*7 power to all by 2019
- 5 new ultra mega power projects of 20000 MW to be set up
- Stress on renewable sources for power generation

I. Infrastructure development

Logistics

- Ports
  - Existing 12 major and 200 non- major ports
  - Sagarmala Project launched to transform the coastline in India
- Airports
  - 250 operational airports by 2020
- Roads
  - Second largest road network in the world, spanning a total of 4.87 million kilometers
  - Currently India builds 11kms road per day which is expected to reach 30kms per day by 2017

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II. Ease of doing business

Tax reforms

- GST
  - It’s a business reform and not a tax reform
- Direct Tax
  - Abolishment of wealth tax
  - Reduce corporate tax rate to 25%
  - Retrospective tax provisions will be avoided

II. Ease of doing business

FDI reforms

- Sectors which were earlier restricted have now been opened up
- Increase in sectoral caps
- Many sectors are now under the automatic route

Labour reforms

- Online compliances of labour laws
- Abolishment of outdated labour laws
- Revamping the labour laws
- Consolidating multiple labour laws
- Easy exit policy

III. Corridors

Industrial and economic corridors

- Delhi Mumbai
- Bengaluru Mumbai
- Chennai Bengaluru
- Vishakhapatnam Chennai
- Amritsar Kolkata

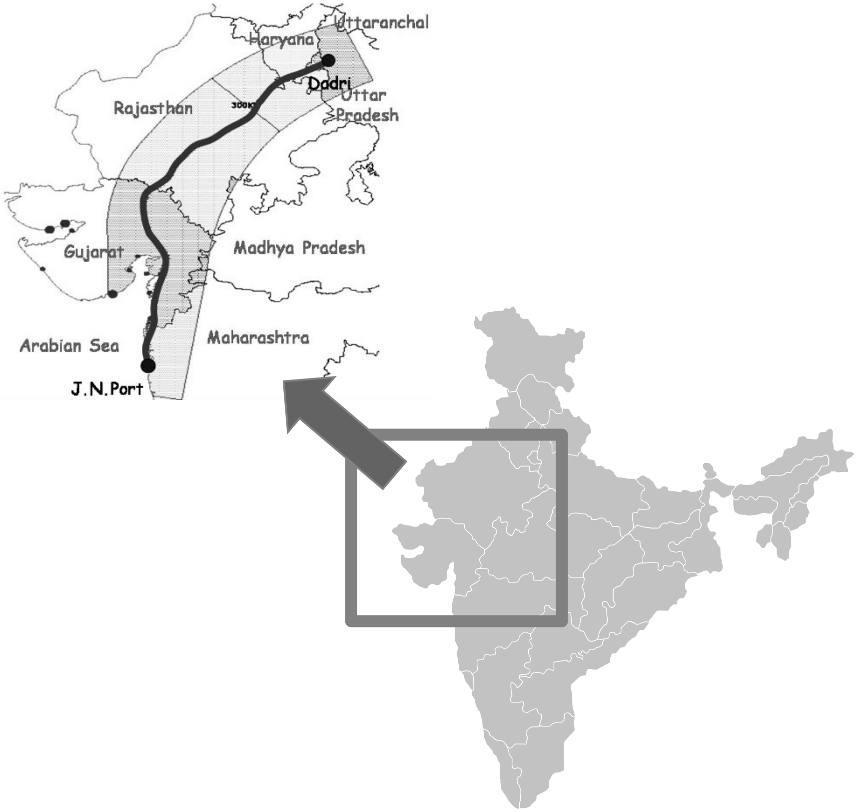
Dedicated freight corridors

- Western Dedicated Freight Corridors
- Eastern Dedicated Freight Corridors

III. Corridors

Delhi Mumbai industrial corridor (DMIC)

- Program aiming to develop new Industrial cities as “Smart Cities”
- Joint venture between the Government of India and Japan
- Dedicated Freight Corridor between Delhi and Mumbai would be covering an area of 1483 kms and passing through seven states
- Impact region along this which will be a band of 150 to 200 kms on either side of DFC



IV. Competitive federalism

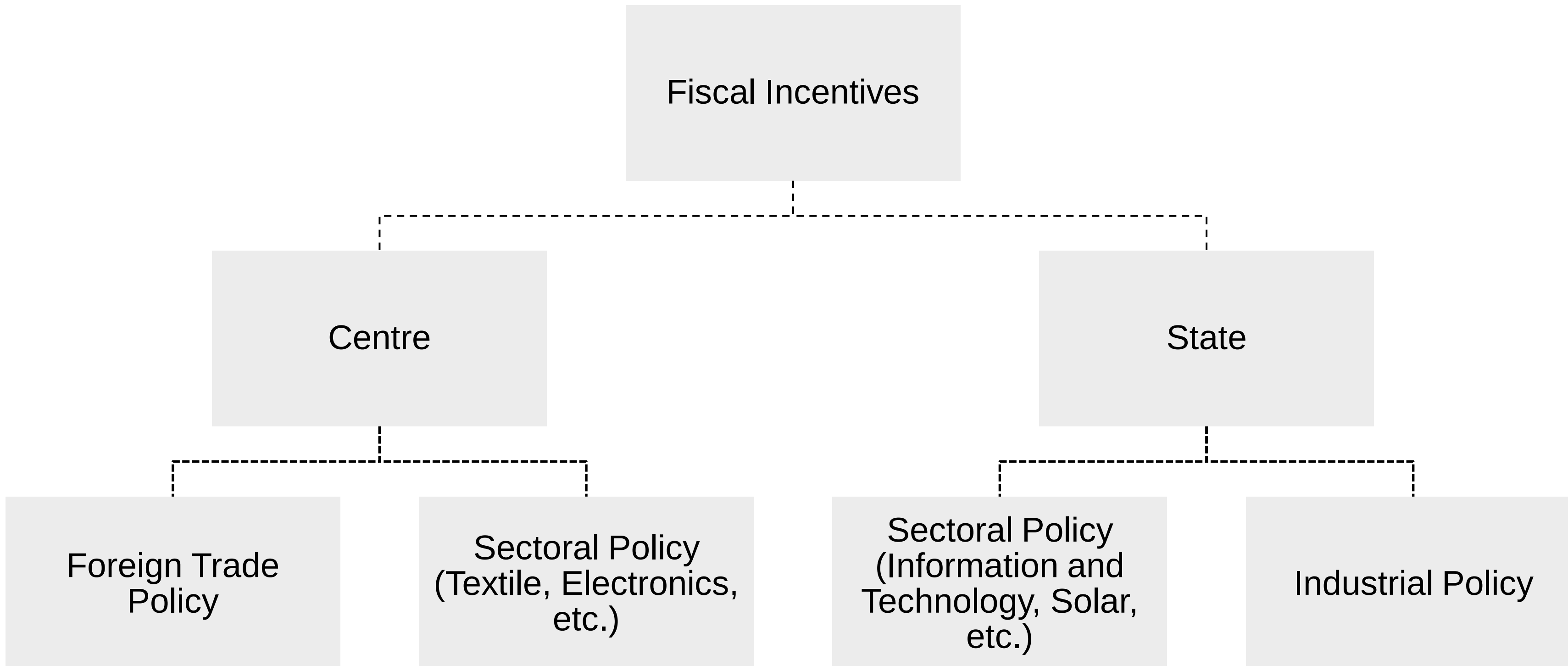
- Competitiveness amongst states
- Industrial Policies by the states every 5 years
- 98 point action plan by DIPP in December 2014 were assessed by June 2015
- Subsequently a 340 point action plan was released to be assessed in 2016
- Top 10 states in implementation of the 340 point action plan :

Rank	State	Rank	State
1	Andhra Pradesh	6	Haryana
2	Telangana	7	Jharkhand
3	Gujarat	8	Rajasthan
4	Chhattisgarh	9	Uttarakhand
5	Madhya Pradesh	10	Maharashtra

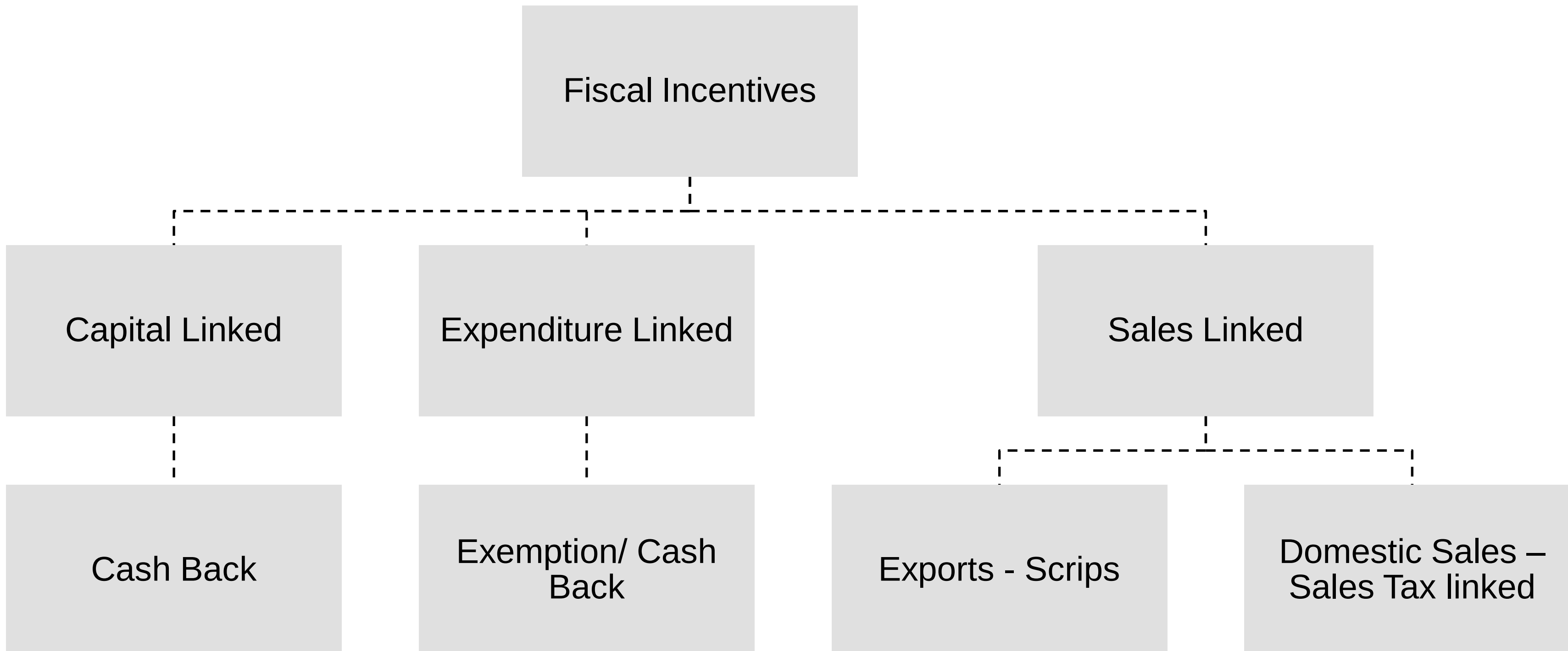
V. Fiscal incentives

- To promote investments incentives are offered by the states which are equally available to all enterprise – Indian or Foreign, setting up in India
- Incentives by Centre – Foreign Trade Policy and Sector Specific Policy
- Incentives by State – Sector Specific Policy and Industrial Policy
- State Incentives can range from 30% to 100% of the project cost which impacts the cash flows and payback period
- Quantum of incentives vary based on location of unit in the state and amount of investment
- Tailor made incentives for projects with substantial investment and employment generation capabilities (usually referred to as Mega Projects)

V. Fiscal incentives



V. Fiscal incentives
Based on nature



V. Fiscal incentives - sales tax linked
Cash back

Collect	Pay	Refund
Enterprise charge and collect sales tax from the customers	Sales tax collected net of input tax credit is paid to the state government	Certain percentage of tax paid to the state government is re-imbursed back to the enterprise

V. Fiscal incentives - sales tax linked

Defferal

Collect		Retain		Pay
Enterprise charge and collect sales tax from the customers	→	Enterprise retain specified percentage of net tax for stipulated number of years as a soft loan	→	The retained amount is paid back to the state government after the end of stipulated years

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V. Fiscal incentives - sales tax linked

Retention

Collect

Enterprise charge and collect sales tax from the customers

Retain

Enterprise retain specified percentage of net tax which is not to be repaid

V. Fiscal incentives

Parameters to be considered

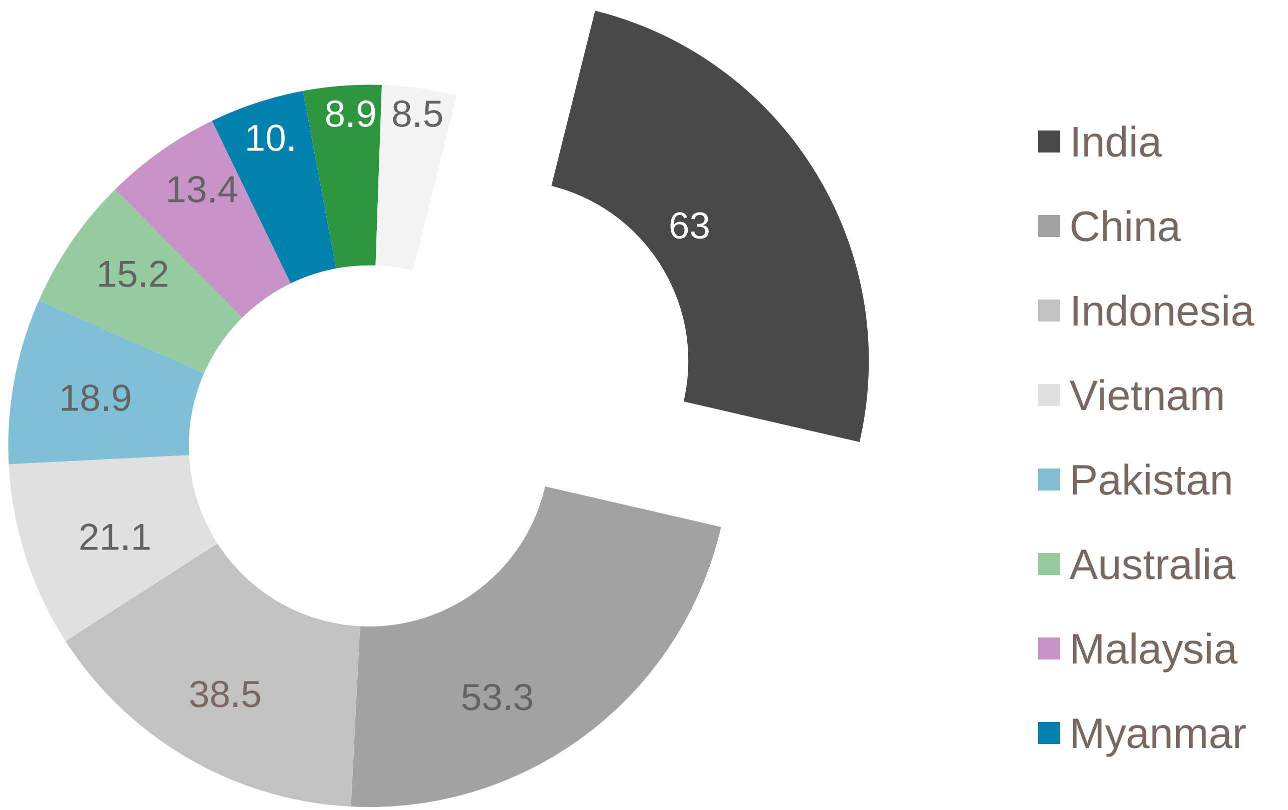
For example : A company is setting up a manufacturing unit to manufacture electronic chips with an investment of INR 50 crore in Wada Area. Of the total sales 20% will be export sale.

Location and Investment	The unit with investment of INR 50 crore at Wada('D+' Zone as per Maharashtra Policy) is eligible for 50% of capital investment i.e. INR 25 crore
Sector	An electronic manufacturing units is eligible for capital subsidy of 25% of capital investment i.e. INR 12.5 crore
Sales Pattern	For export turnover the unit will be eligible for incentives under MEIS in the form of Scrips and for domestic sale cash back of VAT paid to the state
Expenditure	Incentives linked to expenditure in the nature of exemption in stamp duty, electricity duty

Impact

Impact of initiatives

India is the Numero Uno FDI destination in the world for 2015



Statistics of FDI into Asia Pacific
Source: Financial Times – The FDI Report 2016

Make in India V/S **Made in India**