



The India Story

September 2018



The world is changing

Trade Wars looming



Geopolitical Transformations leading to changing Economic equations

Africa emerging as a promising frontier market



Accelerated Technology Led Disruptions – 4th Industrial Revolution

Rise and stagnation of China



Demographic Dynamics



..and so is India

Significant investments in infrastructure



Creation 100 Smart Cities and rejuvenation of 500 cities (through AMRUT)



Creating a robust social safety net

Upgrading Human resources and Skill Development



Digital India outlay of US\$ 17.5 billion

Hyper-active Regulatory changes

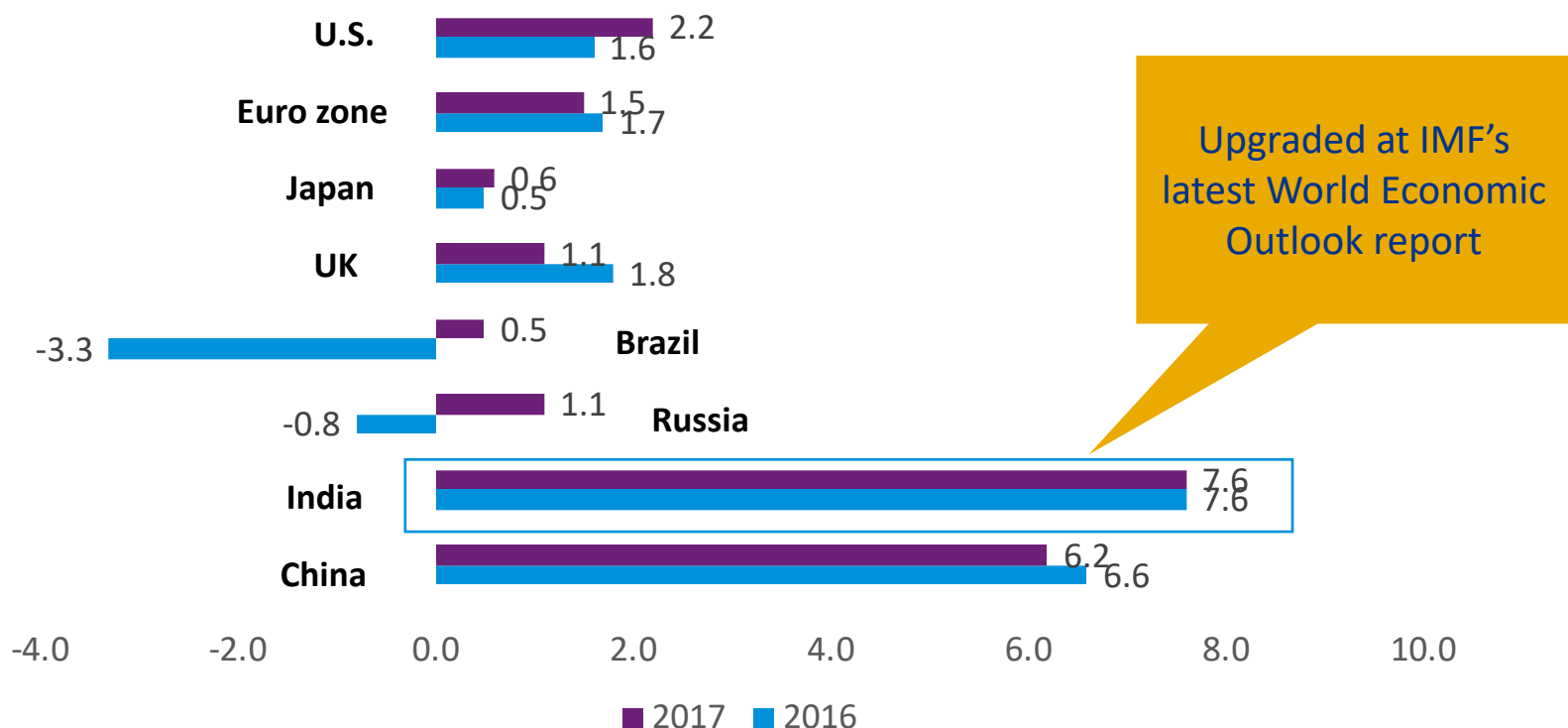


Enhancing manufacturing through investments, innovation, and infrastructure



India: one of the bright spots in a cloudy global economy

Policy reforms and likely pick-up in investment to drive India's growth



India emerged as the top FDI destination in 2017, receiving **\$63 billion** – The Financial Times

Source: IMF forecasts (%)

India would retain the status of the fastest growing large economy until 2020 - IMF

Macroeconomic Overview



**FASTEST GROWING
ECONOMY**

7.7%

Q4 of FY 2018

POPULATION

1.5B

by 2030

AVERAGE AGE

29

by 2025

VOTERS

834M

in 2014

NEW VOTERS

117M

in 2014

EXPORTS

\$478B

in FY18

FOREX RESERVES

\$405B

in FY18

**CONSUMER PRICE
INDEX INFLATION (%)**

4.9

in FY18

IIP GROWTH (%)

7

in June 2018

Major trends in India

What are the mega trends in the marketplace?

Trends 'Explored'

Change in the economic ecosystem due to regional trade agreements	Rise in demand for forensic offerings in PE/VC space	Disproportionate impact of technology	Trend towards automation of professional services	Disproportionate investments by HNIs	Regulations on ground water usage	Rise of boutique professional services firms	Rise in smart delivery of professional services	Regulations from international development multi-laterals			
Cognitive Robotics	Tech driven skill development needed	Software defined supply chain	Regulations on agri business	Analytics	Rise in organised retail	Virtual Reality	3D Printing	Big Data	CyberSecurity	IoT	Augmented Reality
Rapid deal making in start-up space	Increase in focus on IPR assets	Fintech is on an upswing	E-Commerce	Smart Cities	Blockchain	Cognitive Robotics	Cloud	Wearables	Content industry growing rapidly		
High potential in certain economies	Retail chains enabling digitization of cash for Fintech	Robotic Process Automation	Industrial Robotics	Tax would be more of advisory	Monsoon expected to be high; rural demand to grow across sectors	Increase in size of Green/Climate Bonds	Consolidation of smaller competitors posing threat to Big4s	Increase in the luxury market for every segment	Need for rapid technology enablement through technology on a tap		

Technology-led disruptions - 4th Industrial Revolution

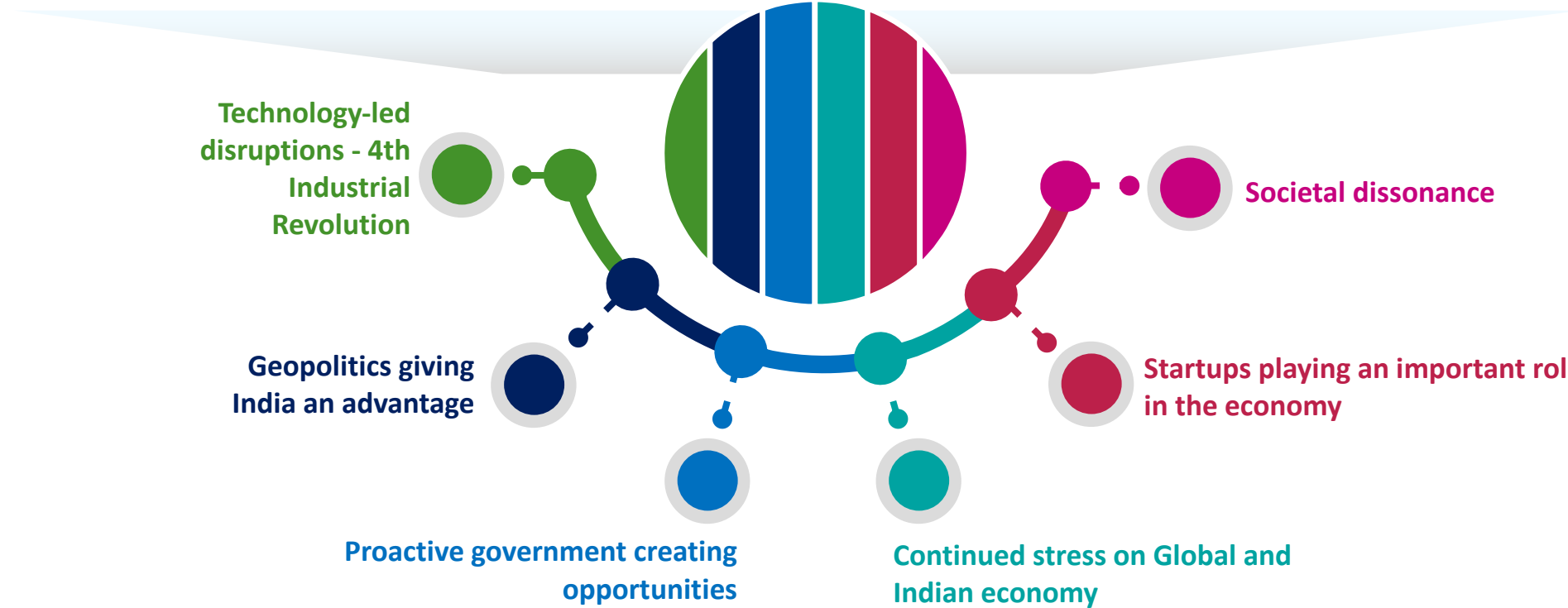
Geopolitics giving India an advantage

Proactive government creating opportunities

Continued stress on Global and Indian economy

Societal dissonance

Startups playing an important role in the economy



Proactive government and Geopolitics creating opportunities in and outside India



Proactive government and geopolitics creating opportunities outside India

Africa

- India-Africa bilateral trade has increased from US\$30 billion in 2008 to US\$72 billion in 2015. Since 2010, Africa's FDI in India has been consistently high compared to its FDI in countries such as China and the US. India's FDI in Africa has also increased by 11% between 2010 and 2012 with investments concentrated in just a few countries.

Middle East (Saudi, UAE, Bahrain, Iran)

- Govt approved a proposal to provide US\$ 150 million credit from EXIM Bank for the development of Chabahar Port in Iran
- Saudi plans to leverage Indian expertise in IT and services for their biggest economic reforms, this time not through the oil policy
- The estimated investment required for Saudi transformation plan is c. \$4 Tr.

Latin America

- India's "Make-In-India" campaign, prudent engineering capabilities, cost-effective manufacturing abilities, government incentives, etc. have helped India achieve a large export market in Latin America

Far East (Japan)

- India seeks Japan's expertise in technology and infrastructure to develop its cities
- The government cleared a \$14.7 billion Japanese proposal to build India's first bullet train line

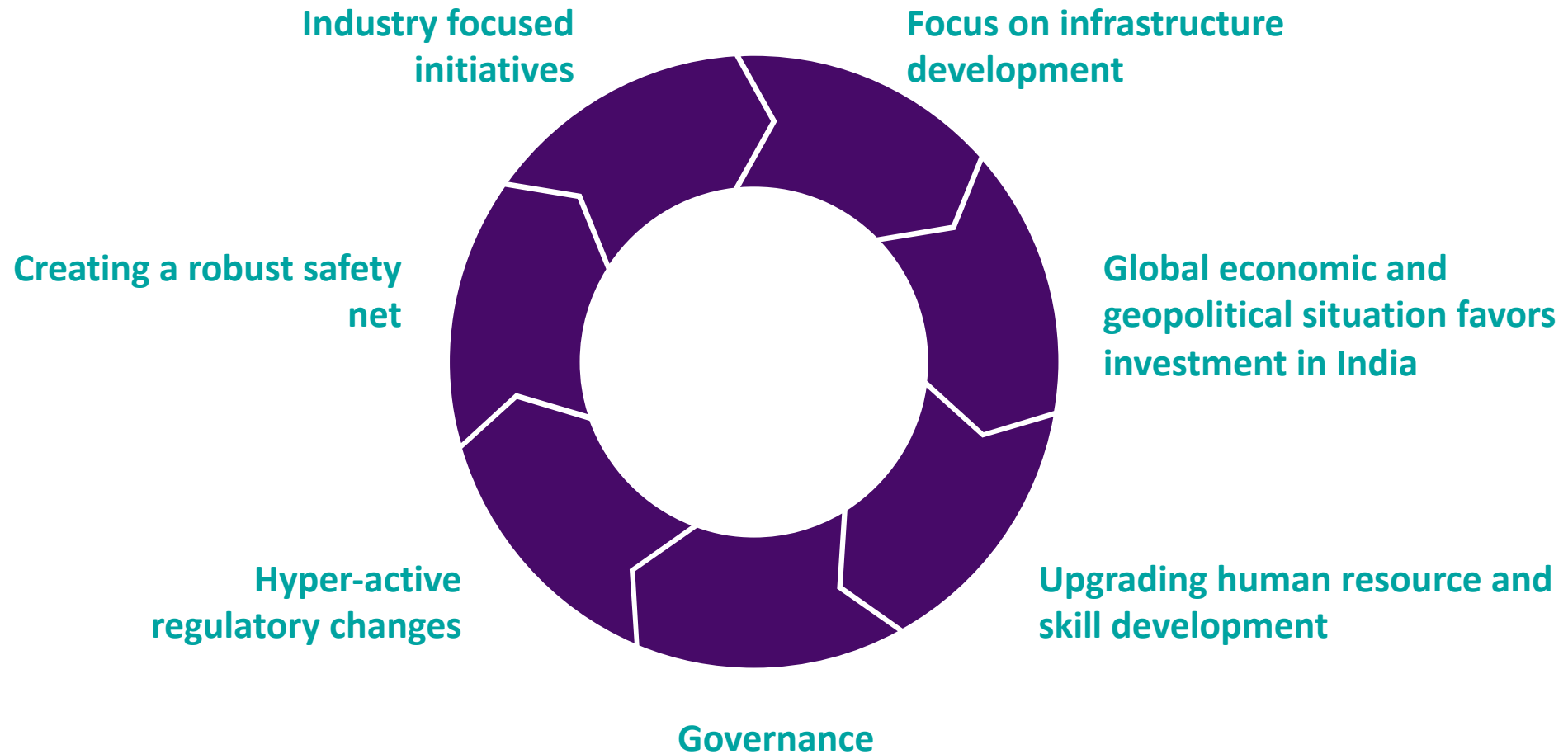
South East Asia (Vietnam, Myanmar, Thailand, etc.)

- Vietnam and India have agreed a target of US\$15Bn by 2020 for bilateral trade
- To plug the demand-supply gap, the Indian government is exploring opportunities to import and take up contract-farming with Myanmar
- Vietnam offered India to explore and exploit natural resources within the Southeast Asian countries 200-nautical-mile Exclusive Economic Zone (EEZ)

South Asia (Bangladesh, Nepal, Sri Lanka, etc.)

- India has committed to assist Sri Lankan railway sector with \$318 million
- India to set up two special economic zones (SEZs) in Bangladesh
- Adani Group proposed to invest US\$8 billion in Bangladesh, to set up a 1600 MW power plant
- Anil Dhirubhai Ambani Group invested US\$3 billion to set up an integrated LNG-based power plant

Proactive government and geopolitics creating opportunities in India



Focus on infrastructure development



Gol has earmarked 20% of the total investment (USD 1 TN) for infrastructure in the 12th Five-Year Plan (2012–17) to develop the country's **roads**



Indian **Railways** has prepared a draft regulatory framework for transparency in fare and freight pricing

India aims to invest USD 100 BN by 2020 to build new **ports** and develop its **shipping** industry in a bid to triple annual port handling capacity



The push for **air travel** proposed under the regional connectivity scheme is expected to boost domestic air traffic

Gol's target is to achieve 50% increase in **power generation** by 2020 and 5x increase in renewable energy capacity by 2022



The national **waterways** bill declared 101 additional national waterways to tap the huge potential of this mode of transportation

As part of the government's mega **urban development** plans, investment of around USD 40 BN is expected to flow in towards the development and modernisation of cities in India



National Rural **Drinking Water** Programme has a target that by 2022 >90% of rural households would have piped water supply; <10% use public taps and <10% use other private water sources

Pradhan Mantri Awas Yojana aims to construct 2.95 Cr houses across the nation during 2015-2022 for rehabilitation of slum-dwellers and promotion of **affordable housing** for the urban poor



Swach Bharat initiative has a target to attract private sector investments worth USD 6.5BN for construction of solid **waste management** plants and individual and community toilets

Global Geopolitical Situation Favors Investments In India



The investments in India have grown rapidly since the past decade. Most of these investments in the country have come through Pension Funds, Sovereign Wealth Funds (SWFs) and Private Equities (PEs)

Private Equity

India has been one of the major destinations in the world for PE investments

- In 2015, India received about USD 22.4 BN in investments, a 47% increase over 2014 investments
- Consumer technology, real estate and banking, financial services and insurance top the sectors that attracted investors, accounting for 65% of deal value.

Pension Funds

Pension funds also provide significant investments in Indian equities

- Canada Pension Plan Investment Board signed an agreement with the Kotak Mahindra Group in March 2016 to invest INR 35.6 BN in stressed assets in India
- Norwegian Government Pension Fund Global has investments worth USD 8.5 BN in Indian stocks spread across 207 different companies and fixed income investments

Sovereign Wealth Funds

Investment of SWFs in Indian equity markets was pegged at ~INR 1.75 TN as on Dec. 2015

- SWFs of Kuwait and Oman along with Canadian pension fund, CDPQ, will create a joint fund worth ~ USD 650 MN to invest in failing power assets in India
- Indian realty firm DLF Ltd, got into a joint venture with Singapore based SWF GIC to invest ~INR 19.9 BN in two projects

Investment commitment from 4 countries – Japan, UAE, KSA and China

Japan

- Japan's SoftBank Group plans to invest INR 1.35 TN in renewable sector in India
- In June 2016, Japan announced it will invest INR 135.6 BN over the next three years in Indian property market

UAE

- In March 2016, the Union Cabinet of India gave approval for UAE's long-term investments of up to INR 5 TN towards National Investment and Infrastructure Fund (NIIF)

China

- In June 2016, Dalian Wanda Group of China signed a MoU with Haryana Government to invest INR 678 BN to develop 'Wanda Industrial New City

Saudi Arabia (KSA)

- Abu Dhabi Investment Authority (ADIA) provided an equity investment of INR 15 BN to ReNew Power Ventures in India for the production of renewable energy
- ADIA invested INR 3 BN in Mumbai's Mahanagar Gas Ltd.

Governance



Ease of Doing Business

In India, EoDB is an attempt to simplify the processes involved in conducting business, where in the government is implementing various measures to improve the conditions for doing business in India:

- A unified online portal for registration of Labour Identification Number (LIN), simplified grievance redressal
- Online portals for ESIC and EPFO for real-time registration and payments through 56 accredited bank
- Documents required for export and import businesses have been reduced from 7 to 3
- Government's approval will not be required for selling product through wholesale or retail, including e-commerce

Digital India

Digital India programme aims to transform India into a digitally empowered society and knowledge economy, functioning as an 'umbrella programme' covering various sectors under its purview, in line with the national e-governance plan. Digital India's vision is to provide governance and services on demand and digitally empower citizens of the country.

- E-governance: Focus on government business process re-engineering using IT to improve transactions; use of electronic databases and automation of workflow in government offices; improvement in government functioning via use of IT for public grievance redressal
- eKranti: Aims to technologically deliver services in sectors including education, healthcare, justice, emergency services and disaster related services, financial inclusion and cyber security

Aadhar – Social security platform

The government passed the **Aadhaar** bill (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) as a 'Money Bill', proposing to use the identification number issued by the Unique Identification Authority of India (UIDAI), to deliver state subsidies directly into the hands (or actually, bank accounts) of beneficiaries.

Hyper-Active Regulatory Changes (1/2)



FDI Regulations

Sector	Changes in Regulation
Defence	June 2016: 100% FDI through approval route
Broadcasting	June 2016: 100% FDI through automatic route in teleports, direct-to-home, cable networks, mobile TV
Civil Aviation	June 2016: 100% for scheduled carriers domestic scheduled passenger airline and regional air transport service including 49% under automatic route
Pharmaceutical	June 2016: 74% FDI under automatic route and beyond that through government approval
Single Brand Retail	June 2016: Local sourcing norms relaxed up to 3 years and relaxed sourcing regime for another 5 years

Companies Act, 2013

The Companies Act, 2013 has raised the bar for the Boards in India. Regulators and enforcement agencies have **enhanced their oversight and scrutiny** of regulatory compliances.

New concepts have been introduced in the Act:

- Women directors on the Boards to bring in gender diversity
- Enhanced disclosure norms
- Performance evaluation of Boards and directors
- Mandating corporate social responsibility
- Enhancing the role of the Independent Directors
- Related Party Transaction

GST

Good and Services Tax is expected to be implemented by April 2017.

- The GST will have a 'dual' structure - the Central GST and the State GST
- Implementation of GST can boost GDP by 1-2%

Implications

- It is anticipated that the tax base will be comprehensive, as virtually all goods and services will be taxable, with minimum exemption
- It offers a solution to the multinationals as it breaks down the indirect tax structure into one single tax payable by the companies
- Restructuring of supply chains and the manufacturing sector

*Estimated addressable market for consulting services

Note: Refer to annexure for more details

Hyper-Active Regulatory Changes (2/2)



Harmonisation of Ind-AS

- Banks and insurers will have to comply from April 2018, while for NBFCs, it will be a two-phase process during 2018-19
- Industry surveys suggest that companies are not yet prepared for implementing the new accounting standards

Income Computation and Disclosure Standards

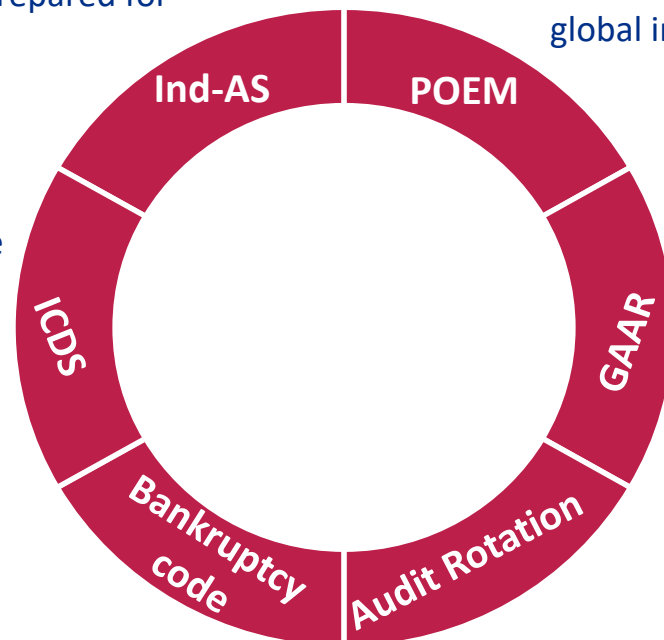
- Major impact will be on companies and banks who are following mercantile system of accounting with exposure to the foreign exchange derivative market
- Mismatch between Minimum Alternate Tax and normal computation of total income is expected to be widened

Bankruptcy Code

- To initiate an insolvency process the minimum default amount for: corporate debtors is INR 100,000 and for individuals and unlimited partnerships, the amount is INR 1000
- It has provisions to address cross-border insolvency through bilateral agreements with other countries

Place of Effective Management

- This might entail tax outgo for companies, which are controlled from India, but might be established in offshore tax havens
- Shell companies based abroad would have to pay taxes on their global income for a year if their POEM is India



General Anti Avoidance Rules

- Clients will have to incorporate proper mechanisms to ensure transactions are actual and not merely tax evasion ploys
- The provision of GAAR will apply to entities availing tax benefit of at least INR 3 Cr. And foreign institutional investors that have claimed benefits under any DTAA

Statutory Audit Rotation

- Major companies are reported to be planning ahead for the auditor rotation, by appointing a new or second auditor early on, to enable smoother transition
- Unlisted multinational companies have reportedly sought exemption from the impending auditor rotation norm

*Estimated addressable market for consulting services

Note: Refer to annexure for more details

Creating a Robust Social Safety Net



Affordable Health Care

- In March 2016, the Ministry of Health and Family Welfare created a fully digitised plan to provide free medicines at all government hospitals from 2016
- Jan Aushadhi Yojana was launched in April 2016, wherein 3,000 Jan Aushadhi stores would be opened in 2016-17, covering more than 500 medicines
- In September 2015, GoI launched “SEHAT” in collaboration with the Department of Electronics and Information Technology to provide medical services online

Crop insurance

- Pradhan Mantri Fasal Bima Yojana to provide low premium insurance cover to farmers, so that they can sustain even if the yield is damaged
- The government allocation of funds against this scheme doubled from INR 2,589 Cr in 2015-16 to INR 5,500 Cr in 2016-17

Financial Inclusion

The government is putting impetus on social sector spending to broaden the social security net for the unorganised sector and economically weaker population

- Jan Dhan Yojana – Aachar – Mobile Number Trinity (JAM): aims at linking these initiatives to create an inclusive financial transfer mechanism
- Pradhan Mantri Suraksha Bima Yojana (PMSBY) offers accidental death cum disability cover of INR 2 lakh at INR 12 premium every year
- Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) offers life cover of INR 2 lakh at INR 330 premium p.a.
- Rashtriya Swasthya Bima Yojna: Health insurance coverage for 240 MN people by 2020. The government has allocated INR 1,500 Cr in budget 2016-17 for the scheme

Industry Focused Initiatives



Make in India

The Make in India programme includes initiatives designed to facilitate investment, foster innovation, protect intellectual property, and build best-in-class manufacturing infrastructure.

The programme will also help achieve the goal set under the National Capital Goods Policy, which envisages increasing exports from the current 27% to 40% of production, and increasing the share of domestic production in India's demand from 60% to 80%

Various initiatives and policy changes being undertaken to make the 'Make in India' programme a success include:

- Process of applying for Industrial License & Industrial Entrepreneur Memorandum made online on 24x7 basis through eBiz portal
- Validity of Industrial license extended to 3 years
- States asked to introduce self-certification and third party certification under Boilers Act
- Major components of Defence products' list excluded from industrial licensing
- Dual use items having military as well as civilian applications deregulated
- Impetus on developing Industrial Corridors and Smart Cities

Start-up India

Government of India is looking at start-ups as a critical growth engine, to restart private investment into the economy, in the face of risk aversion, and stalled or slow investments from corporate India

The Start-up India Action Plan lists out comprehensive set of structural and regulatory reforms in order to promote entrepreneurship

Govt has instituted an inter-ministerial body led by DIPP to examine whether an enterprise is 'innovative'

Various incentives for start-ups under the plan include:

- No income tax on profits for first 3 years
- Mobile app for start-up registration in one day
- 80% rebate on patent filing fee
- 35 public-private incubators
- Dedicated fund of INR 10,000 Cr to promote start-ups
- Credit guarantee scheme for loans
- 500 tinkering labs
- Start-up India hub as single point of contact
- Ease of doing business by giving start-ups waivers on labour inspection for 3 years

Continued stress on Global and Indian economy



Significant stress on Indian economy (1/2)

- Rainfall has been scanty for the past two years and is impacting rural market
- Decline in rural demand has impacted the demand for sectors such as FMCG and automobiles
- Due to declining rural income, farmers resort to livestock sales, which are already under pressure owing to poor pasture growth and water shortage

- The consumer food price inflation was 7.55% (y-o-y) in May 2016 and hit a 21-month high
- Agriculture is not able to sustain the population and jobs in rural areas

- India and UK enjoy a healthy bilateral trade - worth USD 14.0 BN in 2015-16
- Britain's exit from the EU might not have a direct impact on the Indian economy, but it is expected to impact specific sectors in the short term
 - Indian companies operating in automotive, steel and pharma sectors are expected to face a decline in sales, increase in costs of operations and immigration barriers for its employees
 - Some of the near-term consequences for the technology and services sector could arise from the decline in GBP

- The rising NPAs are causing significant stress in the banking system
 - As per RBI, the gross NPAs may rise to 9.3% by March 2017, if macroeconomic conditions deteriorate
- The key factors driving the rise in NPAs are:

- Stalled/delayed infrastructure projects
- Lapses in pre-sanction and post-sanction monitoring process
- Frauds related to diversion of funds
- Economic slowdown
- Lack of policy on action against wilful defaulters

- High stress in multiple industries leading to consolidation
- Telecom industry is struggling in a highly competitive environment driven by increased cost of spectrum acquisition and heavy investments in mobile internet infrastructure.

- The retail sector is currently witnessing a trend towards consolidation due to rising competition from e-commerce players, high cost of operations, rising debt and limited cash
- Indian banking sector, especially PSBs are expected to witness consolidation to tackle the challenges of rising NPA and increased capital requirement with implementation of Basel-III in 2019

Significant stress on Indian economy (2/2)

Government Initiatives to Revive Stressed Sectors

Re-capitalisation of banks

The Indian public sector banks need significant capital infusion due to increased capital requirement on back of rising NPAs and implementation of Basel-III in 2019

- The NPAs and stressed assets for the Indian banking industry increased from 4.6% and 11.1% in March 2015 to 5.1% and 11.3% by September 2015 respectively
- PSBs would need about INR 1 lakh Cr to comply with Basel III requirements between FY 2015-18

Strategic PSU disinvestment

Government plans to examine 80 PSUs for strategic sale or minority stake sale under its disinvestment plan

- Forthcoming disinvestments include Rastriya Ispat Nigam, Hindustan Aeronautics, ONGC, NHPC, Power Finance Corp., Rural Electrification Corp., Dredging Corporation of India and MOIL

Tackling NPAs

RBI has implemented various preventive and curative steps to help banks deal with NPAs, some of which include:

- Bankruptcy Law enabling banks to take quick action on accounts in early stages of default
- Improved procedure for supervision and monitoring of loan accounts likely to be implemented by banks

Selling stressed assets in infrastructure

Indian infrastructure companies are in distress due to high debt levels and are seeking to exit infrastructure projects to monetise assets and repay creditors

- Aggressive bidding for projects and delayed clearances has led to squeezed cash flows, resulting in developers not able to repay debt, and a pile-up of bad loans

De-stressing rural economy

In order to de-stress the rural economy, the union budget 2016-17 focused on steps to boost rural household income, broaden social security net and improve productivity with investment in infrastructure

- Government allocated INR 87,000 Cr to boost entire rural sector, with INR 35,000 Cr earmarked for agriculture and farmer welfare

Start-ups Playing an Important Role in the Economy



Start-ups Playing an Important Role in the Economy

Startups are witnessing rapid growth in India owing to easy access to technology, rapid growth of internet and deeper penetration of mobile technology

- Startups are getting traction from both government and private players.
- Startups received US\$5 Bn investments from private players in 2015
- Government has launched several initiatives to help businesses grow
 - Government led initiatives – Start-up India, Standup India initiative
 - ‘Start-up Corridor’ program by GoI, to enable multi-disciplinary incubators to create a consortium, raise funds and approach the Science and Technology ministry for support
 - NASSCOMS's 10,000 Start-up program
 - Government established US\$2 Bn Fund of Funds for funding Start-Ups
 - SBI plans to invest INR200 Cr in financial technology startups
 - RBI allowed start-ups with overseas subsidiaries to open overseas currency accounts

While e-commerce and Fintech lead the startup ecosystem in India, new ventures have also emerged across other sectors such as infrastructure, power & utilities, healthcare, finance, Agriculture, education and Skill development.

#startupindia

What India means for the global corporate?



Untapped Markets



Booming Sectors



Growing consumerism



Competent human capital



Increasing working age population



Potential manufacturing and R&D hub

Significant opportunities (volumes and cost)



Strong Business and legal environment



High sales and profits



Higher growth rates and return

Vibrant capital market



Well developed banking system



Liberal and transparent foreign investment regime



Independent judicial system



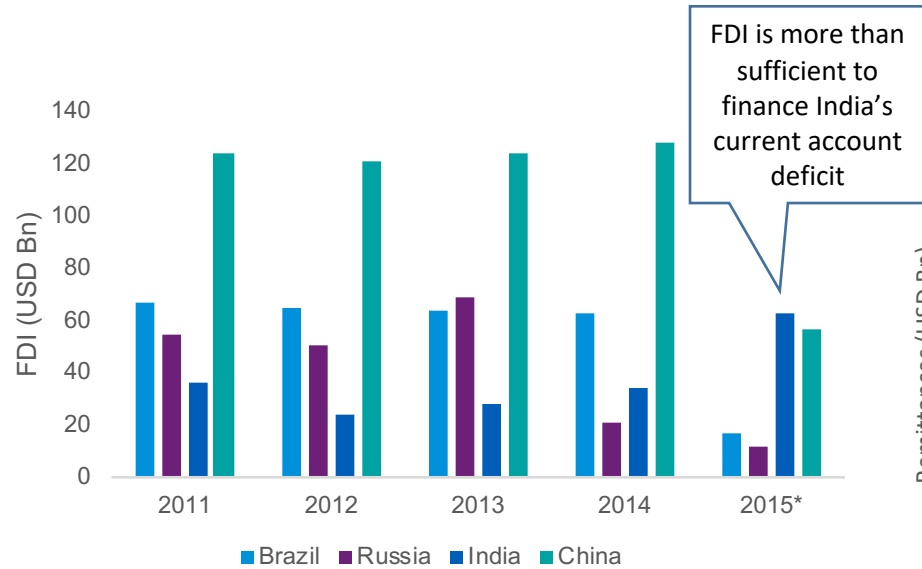
Strong regulatory mechanisms (RBI, SEBI, TRAI etc.)



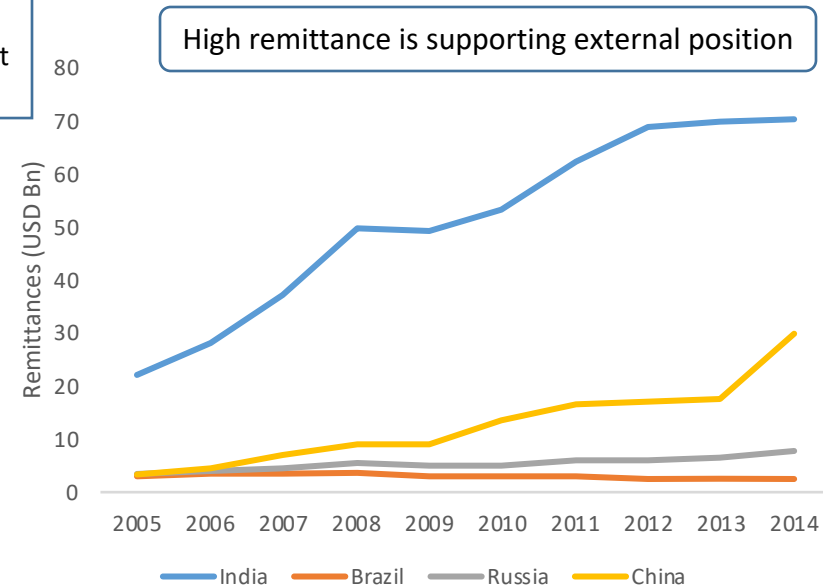
Good corporate governance practices



India is in a better position vis-à-vis other EM nations



Source: UNCTAD; *Data given by Financial Times



Source: World Bank

Table: India's relatively low external debt makes less vulnerable

Country	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4
India	459	475	483	481	480
Brazil	713	699	714	668	665
Russia	599	556	556	536	516

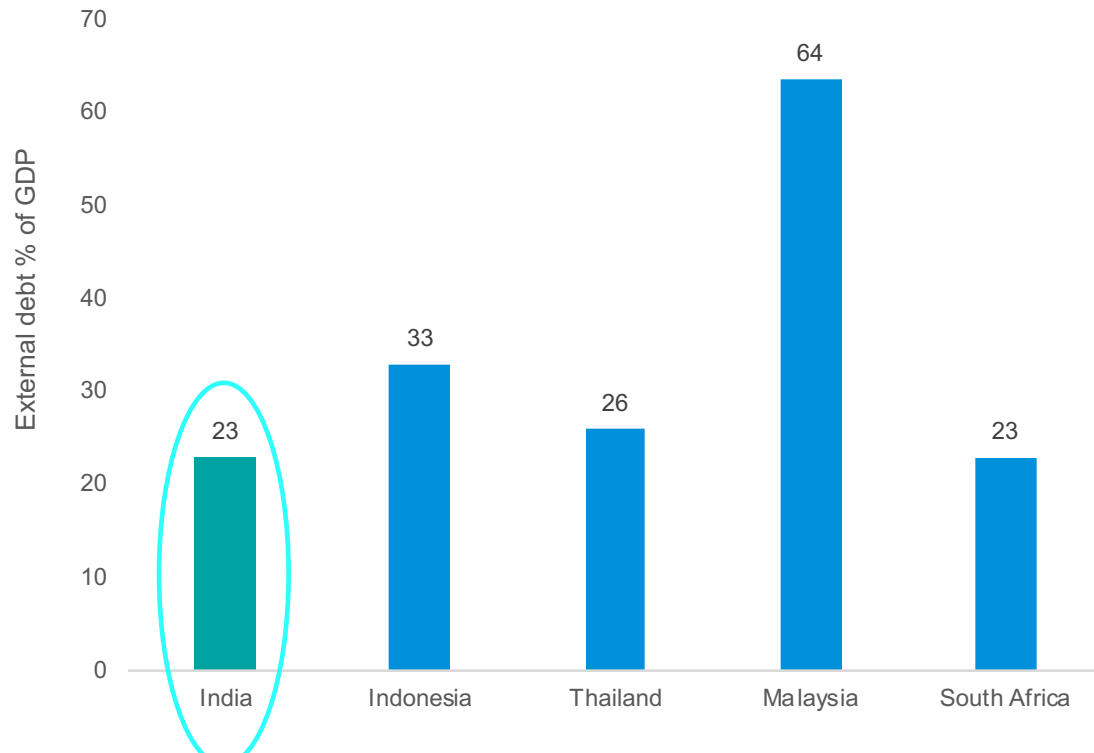
USD Bn

Hourly labour cost in India (92 cents) is much lower than China's \$3.52.

External debt compares well with other indebted nations

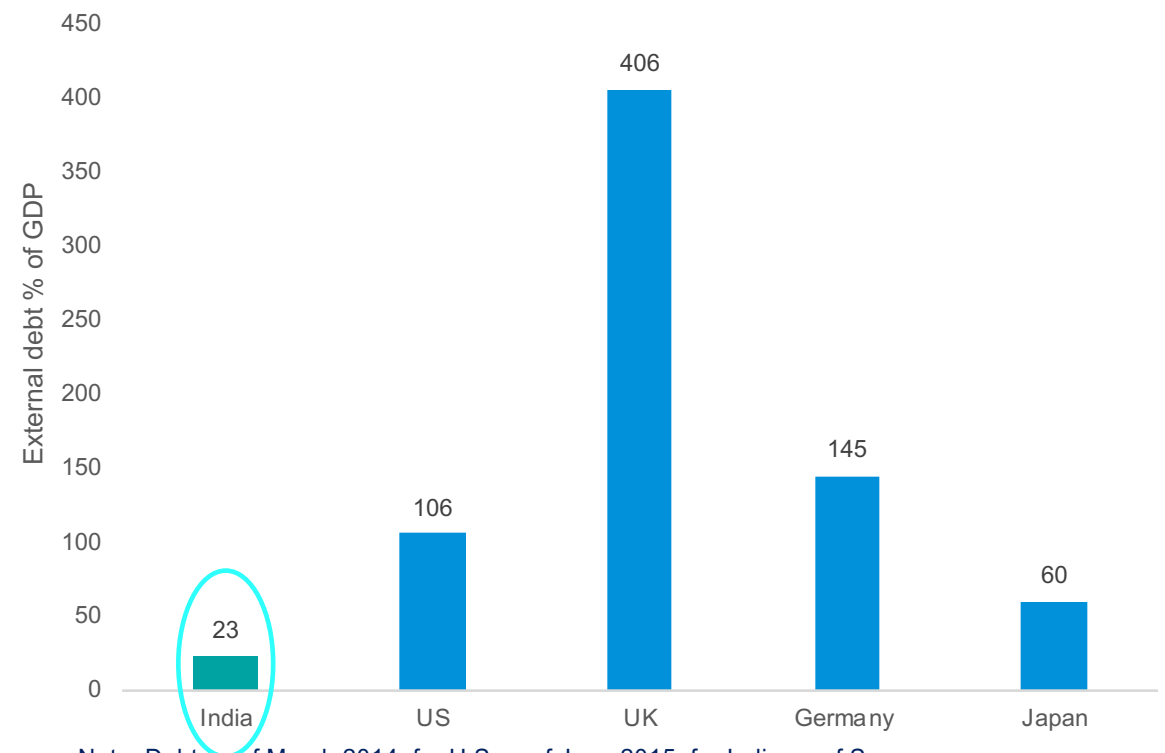
Relatively low external debt makes India less vulnerable

External debt compared with developing debtors countries



Note: Debt as of March 2015 for Indonesia and Malaysia; for Thailand as of March 2014

External debt compared with developed debtors countries



Note: Debt as of March 2014; for U.S as of June 2015; for India as of Sep 2014

Flagship government programs have created investment opportunities for the global community

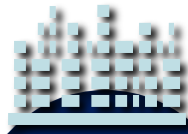
115 million+ bank accounts created



Financial inclusion

Opportunity - retail banking, insurance and wealth management services

100 smart cities - central outlay of US\$15.53 billion



Smart cities

US\$15.53 billion capital requirement

Make India a 'global manufacturing hub'



Make in India

US\$14 billion worth of investment proposals received in just 2 months

To expand high-speed internet access US\$18 billion



Digital India

India Inc. promised US\$71 billion

To skill 500 million youth by 2022



Skill India

Budget 2015 allocated US\$796 million for skill development

Key Reforms



Diesel price deregulation; gas price hiked



Competitive federalism



Liberalization of FDI regime



Inflation-targeting monetary policy framework



Revamped PPP model



\$16bn spectrum auction



e-Biz & e-Nivesh portals



Black Money Bill



Coal Bill (\$32bn from auction)



National Investment Fund



Mining and Minerals Bill





Microfinance refinancing agency (MUDRA)

More reforms in the making

Ease of doing business

-  Unified tax system
-  Bankruptcy Law
-  Common approach to infrastructure regulation
-  New Intellectual Property Regime
-  New amendments to Arbitration and Conciliation Law

Liberalizing Factors of production

-  Land acquisition likely to be left to States
-  Labour reform overhaul

Others

-  Real Estate Bill
-  National Common Market for agricultural products
-  Restructuring power distribution companies
-  7-point bank reform plan & payment bank
-  Kerosene subsidy reform

Break



Emerging themes and high growth sectors



Telecom

- 314 million mobile internet users by 2017
- 4G, Number Portability
- Indigenous Telecom Manufacturing

Government and Infrastructure

- Increasing private sector participation and Domestic Demand
- \$200 billion annual investment in Railways
- 30 km of road a day

Financial Services

- Regulatory reforms
- De-regulation
- Entry of private players
- Payment bank & small bank

Renewable Energy

- Huge untapped potential
- 175K MW clean energy target by 2022; out of this 100K MW for solar energy
- Climate Change Considerations

Defense

- Rising annual budgets
- Evolution of private sector
- Co-Production and Co-Manufacturing
- Retrospective changes in offset policy

Healthcare

- Increased Healthcare and Insurance Expenditure
- Increase in population, demographical shifts, disposable income

Education

- Huge demand – 400 M people to be skilled by 2022
- Online and Digital content
- Foreign institutions collaboration

IT/ITeS

- Huge potential for remote infrastructure management, testing and knowledge services
- Emerging new trends – Cloud, Green IT , etc

Smart Cities - Magnitude of the initiative



90 winning proposals



152.6k crore INR
invested in ABD



Urban population of
9.56 crores
has been impacted

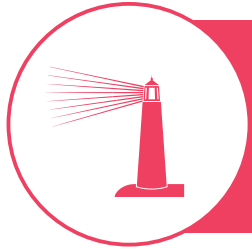


189.26k crore INR
invested in projects across
various solutions



Pan-city solutions amounting to
36.66k crore INR

Smart Cities Dipstick check



Lighthouse Smart Cities

Pune

Surat

Ahmedabad

Jabalpur

Vishakhapatnam

Chennai

Ludhiana

Bhopal



Solutions category

Integrated command and control centre

Mobility and transport

Roads, street lighting, smart lighting

Safety and security

Smart grid and energy efficiency

Solid waste management

Water supply and water treatment, dredging

Land monetisation

Smart City Opportunities



- Command and Control centre



- Transport
- Walkable



- Street lights
- Smart lights
- Smart poles
- Smart roads



- Safety and security



- Energy source
- Energy supply
- Energy efficiency
- Underground electric wiring



- Sanitation
- Waste management



- Water supply
- Water management
- Waste water management



- Multi-ducting
- Underground wiring
- Optical fibre network

Mobility projects



Transport

A smart city does not require an automobile to get around; distances are short, buildings are accessible from the sidewalk, and transit options are plentiful and attractive to people for all income levels. This sector includes projects such as:

- Traffic management
- ITMS
- Smart parking
- Adaptive traffic control system
- Intelligent multi-modal transport hub
- Electric buses
- NMT transport
- Road redevelopment/widening of roads
- Transit management
- Smart mobility
- Construction of flyovers
- Junction improvement
- Automatic fare collection system (AFC)



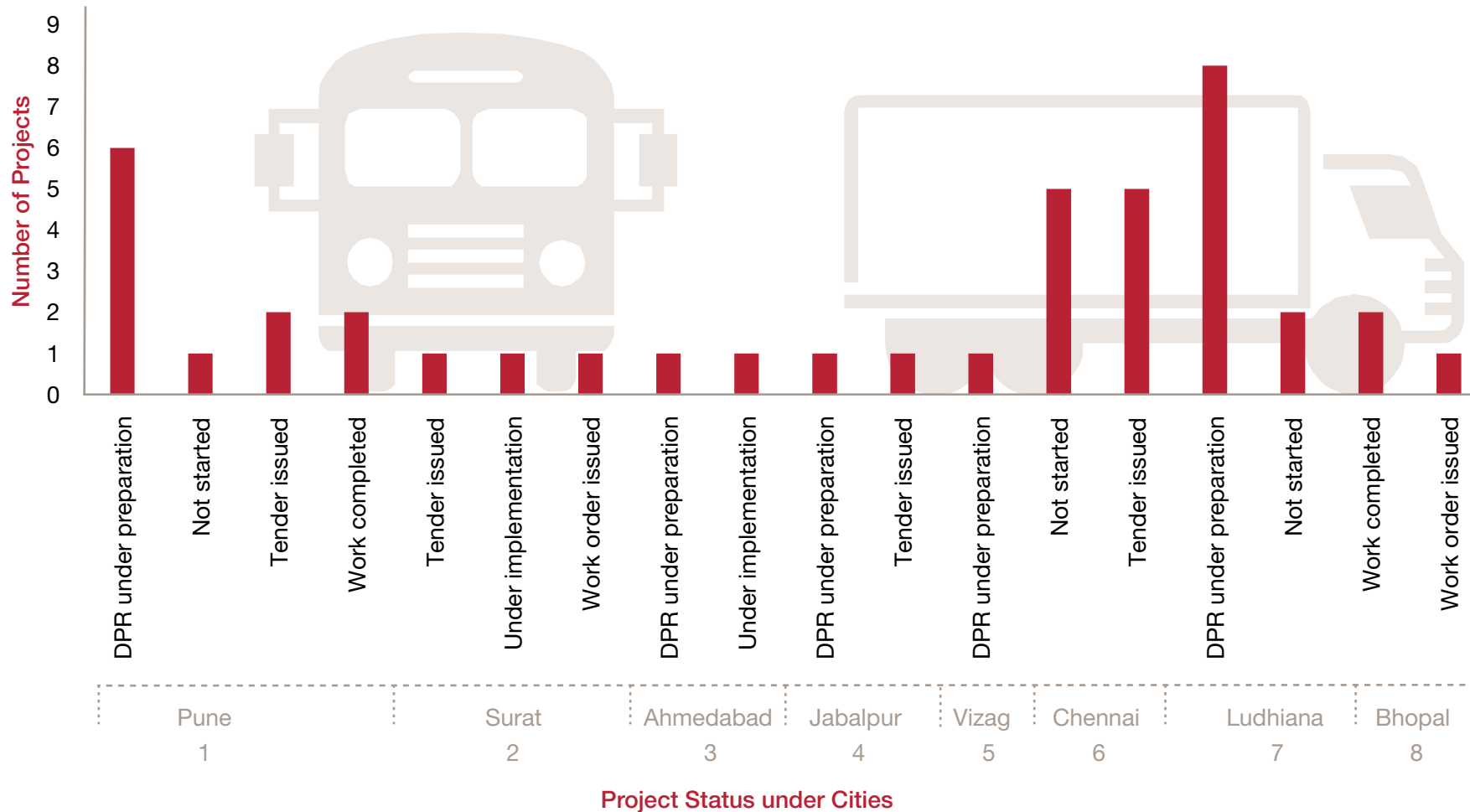
Walkable

A smart city's roads are designed equally for pedestrians, cyclists and vehicles; and road safety and sidewalks are paramount to street designs. Traffic signals are sufficient and traffic rules are enforced. Shops, restaurants, building entrances and trees line the sidewalk to encourage walking and there is simple lighting so the pedestrian feels safe both during the day and at night. The sector includes projects such as:

- Redesign of streets
- Upgrade of footpaths
- Pedestrian-friendly pathways
- Road improvement and streets scaping

Status of Mobility projects

Solutions based update under mobility and transport



Road, Street Lighting & Smart Lighting



Street lighting and smart lighting

The smart street lighting solution includes unified poles with multiple facilities, including LED street lighting projects, variable message system, PA system and CCTV cameras, smart metering for power and water, Wi-Fi hot spots.



Smart poles

The modular design of the smart poles allows for mobile boosters to be installed. As a practice, telecom service providers invest in infrastructure for installing such signal boosters on smart poles. The smart poles have energy-efficiency systems and provisions for plug-ins for surveillance cameras, Wi-Fi hotspots and SOS terminals. The projects under this category includes:

- Solar-based LED smart poles

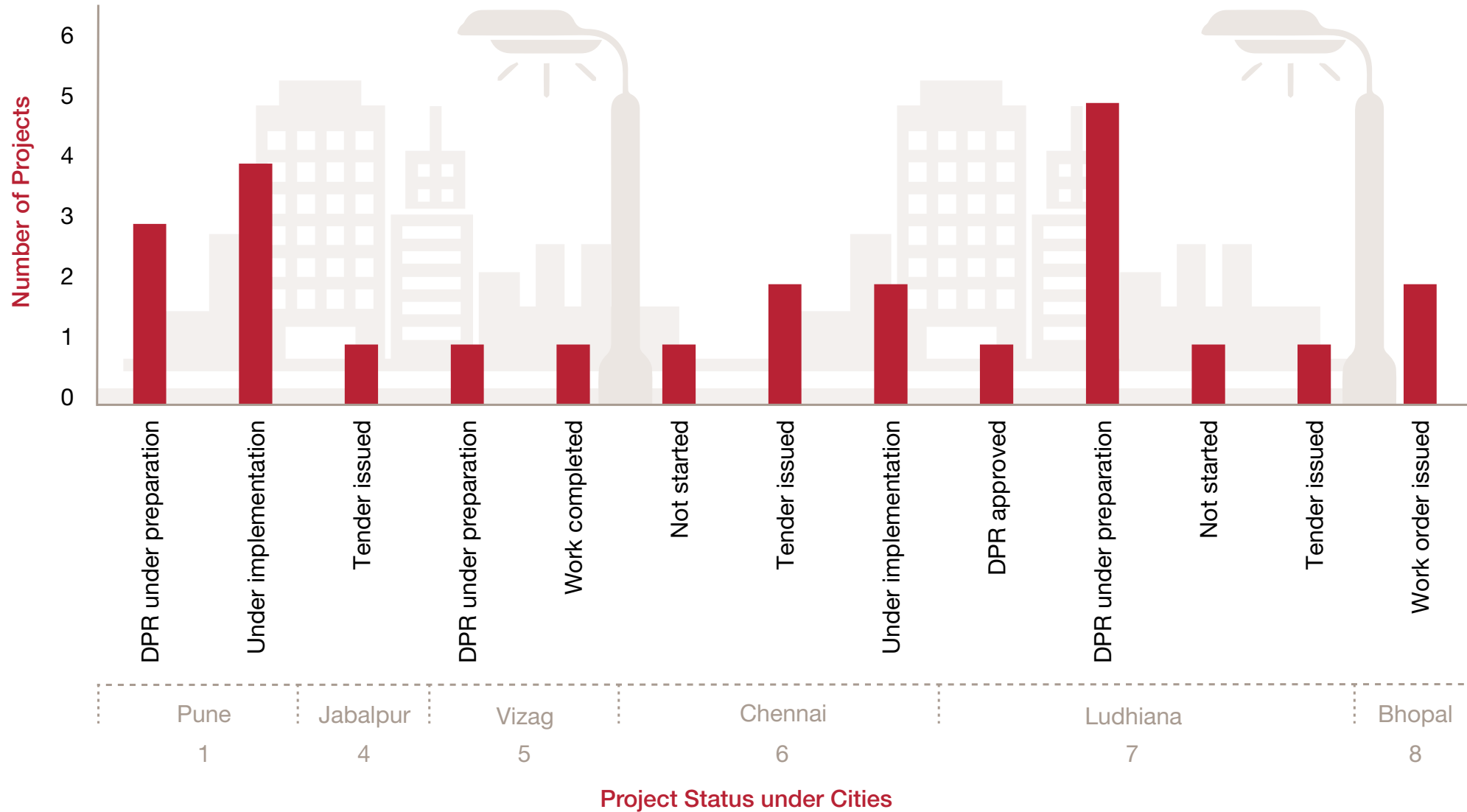


Smart roads

Smart roads include development of road infrastructure to meet ideal road density as per city norms. The projects under this category include:

- Dedicated cycle tracks shared with footpath;
- Elevated bus rapid transit;
- Foot-over bridges

Status



Safety and Security

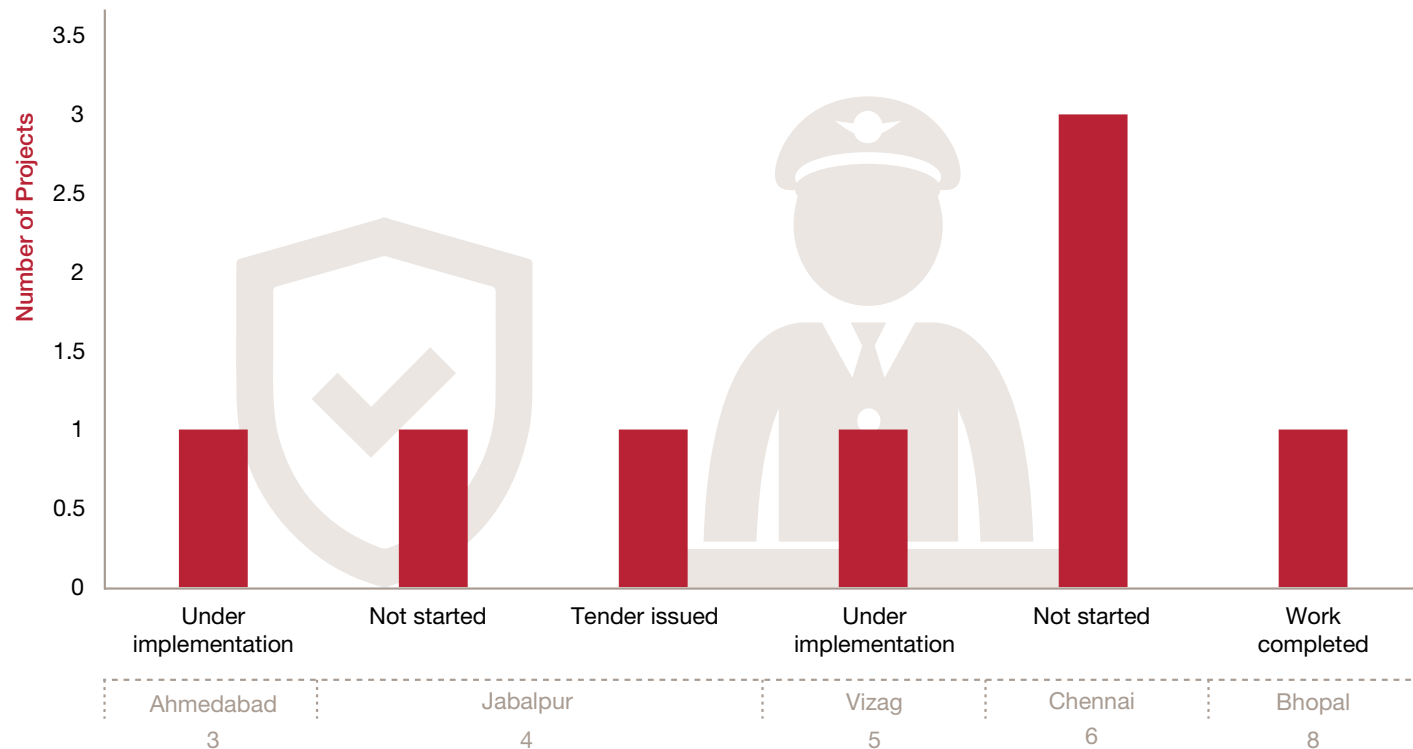


Safety and security

Some of the main projects under this sector include:

- CCTV cameras
- Safety and security management
- Disaster management
- Beach protection
- Safety and surveillance
- Flood management

Solutions-based update under safety and security



Smart Grid and Energy Efficiency



Energy source

A smart city aims to have at least 10% of its electricity generated by renewable sources. The sector includes projects such as:

- Solar power projects
- Wind power generation
- Solar mission
- Rooftop panel installation
- Piped gas network



Energy supply

Smart cities aim to provide reliable, 24x7 electricity supply with no delays in requested hook-ups. The typical projects in the sector include:

- 24 X 7 energy supply
- Electrical network
- Smart metering
- Installation of electric SCADA system
- Electricity distribution network



Energy Efficiency

Smart cities aim to inculcate state-of-the-art energy efficiency practices in building, street lights as well as transit systems. The sector includes projects such as:

- Streetlight control system
- Smart sensors
- Energy efficiency
- Intelligent street lighting
- Smart power grid
- Multi-utility smart poles

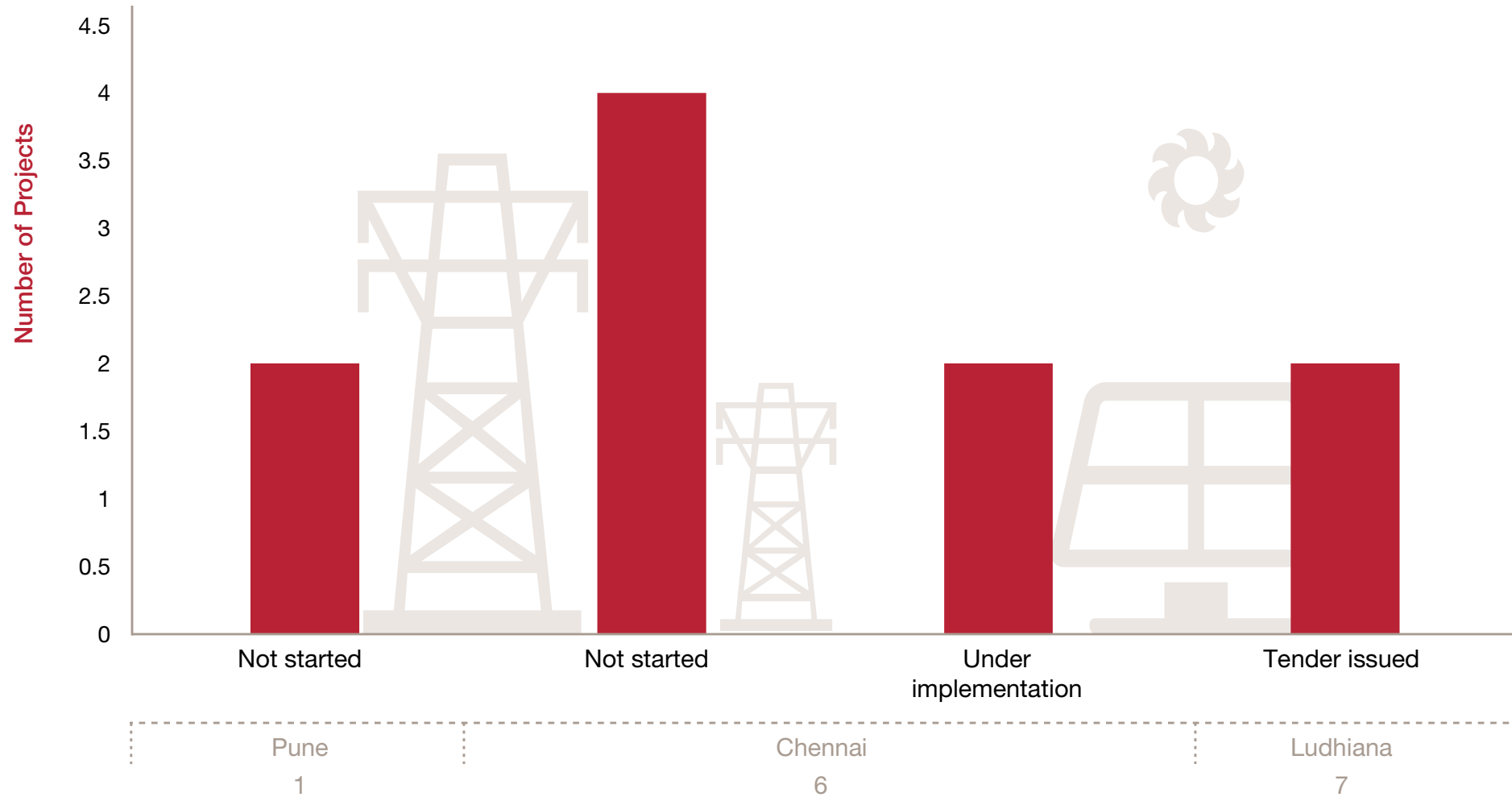


Underground (UG) electric wiring

A smart city has an underground electric wiring system to reduce blackouts due to storms. The sector typically includes projects such as:

- Smart road
- UG ducting
- UG–High tension (HT) line
- Multi-utility duct
- UG–low tension (LT) cabling

Status



Housing for All

1 crore annual urban population growth expected by 2050

11 crore houses will likely be required by 2022

70 per cent of the urban housing need is in the affordable segment

30 per cent of the housing need is concentrated in just two states

USD2 trillion investment is possibly required to achieve the vision

2 crore houses lying vacant

78 per cent of investment in housing gets added to the GDP

1.7-2.0 lakh hectare land is likely required to meet urban housing need

Additional USD 10 billion budgetary support in FY 19

There are many challenges, but the Government is committed to addressing them

- Lengthy approvals (27 days needed to start new business vs. 16 days in South Asian countries)
- Land acquisition (average time taken to acquire a land is 14 months)
- Tax litigation (Average time for an indirect tax case to attain finality ranges from 14 to 20 years)
- Skill development (Nearly 47% graduates are unemployable for any job)
- Infrastructure bottleneck
- Rigid labor reforms
- Access to credit (only 33-34 percent MSMEs have access to banks)
- Political gridlock (Government lacks majority in the upper house)



#142 - Poor ranking on ease of doing business

Challenges of the Indian market

**Tangles of
bureaucracy**

**Restrictive labour
policies**

**Slow infrastructure
development**

**Diverse operating
environment and
cultural aspects**

Unethical practices

**Complex Tax
structure**





Successful companies in India have overcome these challenges

India rank in 2015 was 142 (out of 189 economies) in the World Bank ease of Doing Business Ranking 2015

Economy	Ease of Doing Business Rank (2015)
Singapore	1
New Zealand	2
Hong Kong, SAR, China	3
South Africa	43
Russia	62
China	90
Sri Lanka	99
Brazil	120
Pakistan	128
India	142
Uganda	150

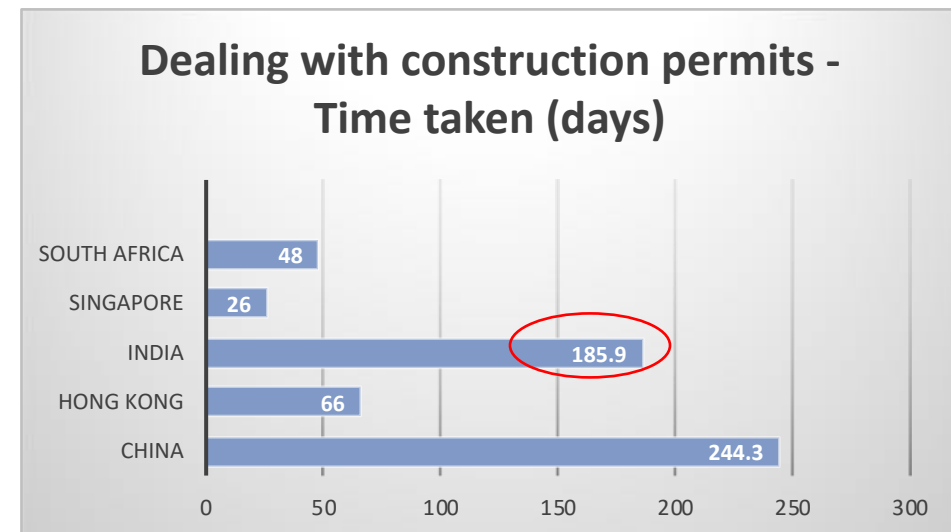
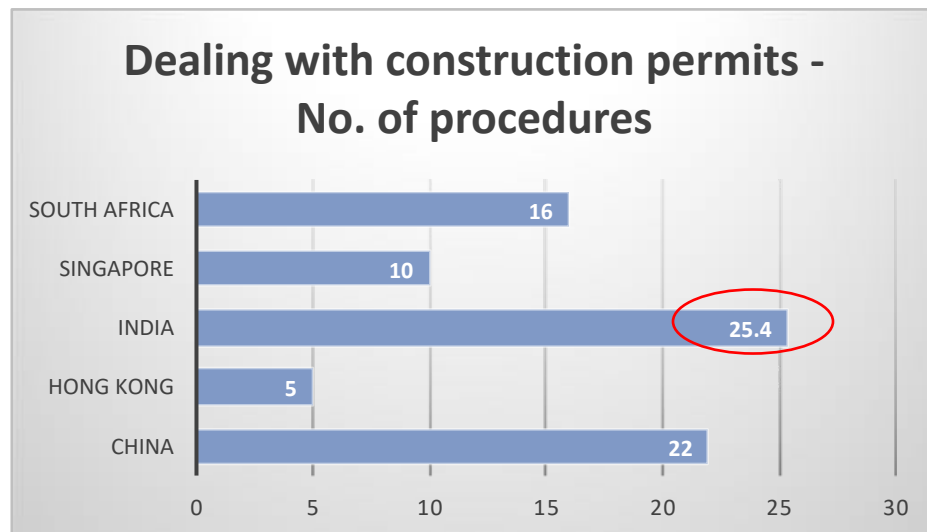
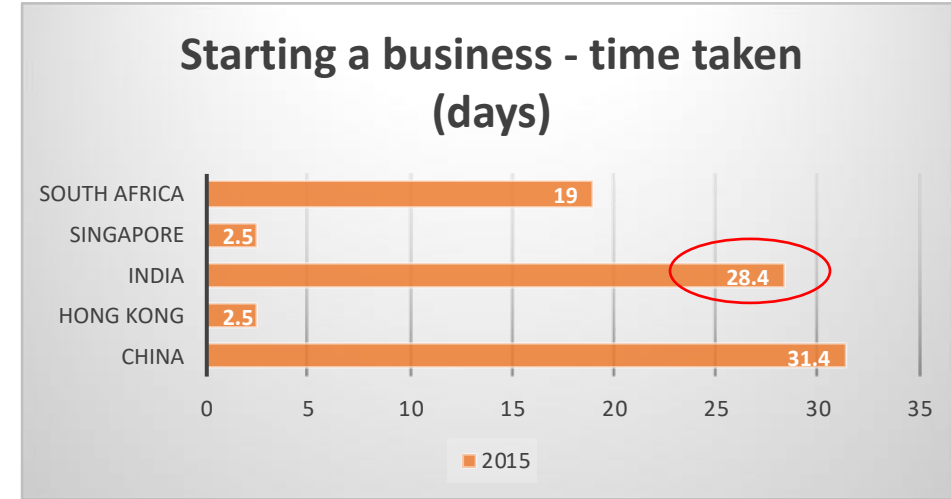
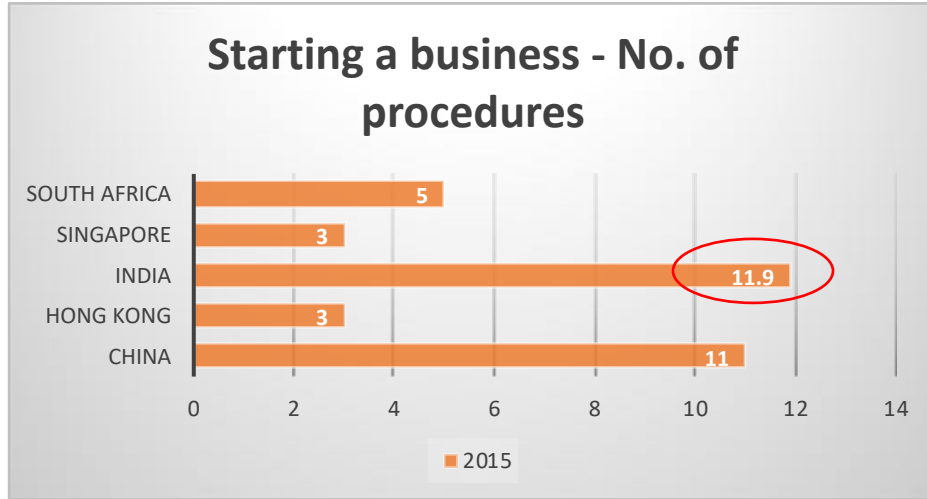
Topic	India Ranking
Starting a business	158
Dealing with construction permits	184
Getting electricity	137
Registering property	121
Getting credit	36
Protecting minority investors	7
Paying taxes	156
Trading across borders	126
Enforcing contracts	186
Resolving insolvency	137

India's standing on the "2015 Ease of Doing Business List"

Parameter				
	India	Brazil	China	Russia
Ease of doing business	142	120	90	62
Starting a business	158	167	128	34
Dealing with construction permits	184	174	179	156
Getting electricity	137	19	124	143
Registering property	121	138	37	12
Obtaining credit	36	89	71	61
Protecting minority investors	7	35	132	100
Paying taxes	156	177	120	49
Trading across borders	126	123	98	155
Enforcing contracts	186	118	35	14
Resolving insolvency	137	55	53	65

Source: World Bank Survey Report

There are a number of procedures involved resulting in significant time taken for completion of activities



Reform agenda so far

Ease of doing business

GOODS & SERVICES TAX

Single tax framework by April 2017

BANKRUPTCY CODE 2015

Simple and time-bound insolvency process

COMPANIES ACT 2015

Reduced compliance burden

eBIZ PORTAL

Single portal for company licensing and registration

PERMANENT RESIDENCY STATUS

PRS for investors for 10 years


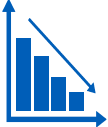




FDI policy 2016

Open economy

IPR POLICY 2016

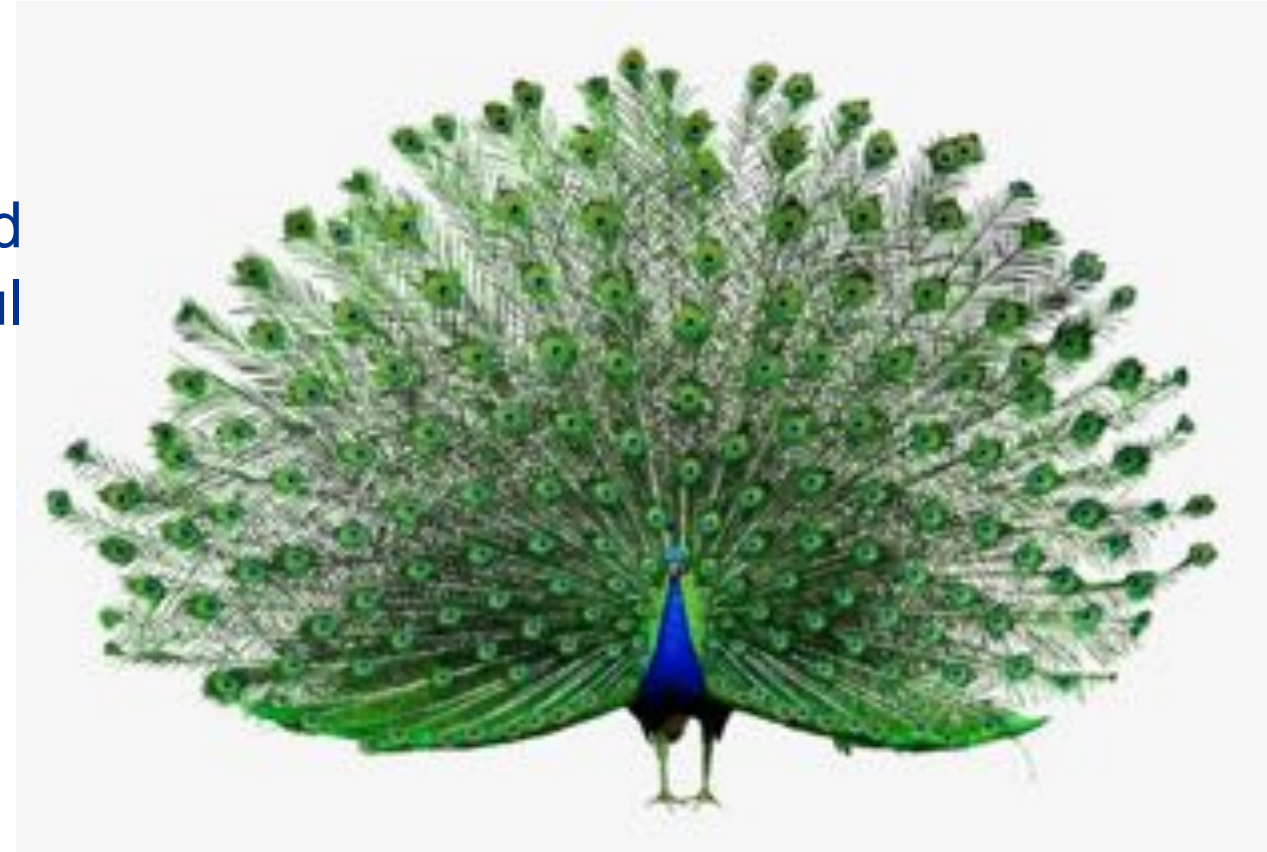
Promote enforcement, innovation and quicker process

Country Risks

 GDP growth (%)	 Consumer price index inflation (%)	 Index of industrial production growth (%)	 Household final consumption expenditure per capita	 Forex reserves	 Exports
<p>Two consecutive years of deficit rains</p>	<p>*Pressures to violate Fiscal deficit Target of 3.5%</p>	<p>IIP had fallen steeply in Q4 of CY 17 Stressed Banks</p>	<p>Significant job loss happening</p>	<p>RBI had dipped into the reserves to support Rupee</p>	<p>Oil prices firming up leading to CAD increasing</p>
<p>One more year of rain deficit can be devastating for the economy</p>	<p>Already the fiscal deficit target for FY 18 has been revised to a range</p>	<p>Sharp dip in engineering exports and local demand</p>	<p>Not just jobless growth but job destroying growth</p>	<p>Still enough forex to support one year of imports However excludes interest payments</p>	<p>Global instability can have very heavy impact on Indian economy</p>

Prof. Yeung's queries on behalf of the delegation

- What are the key business trends in India? Major opportunities? Major threats?
- How do successful Indian firms grow and compete? Can you use a few successful case examples to illustrate?
- What are the cutting edge management practices in India regarding their talent management, culture, organization, etc.? Any cases for illustration?
- Your advices to Chinese corporate leaders how to conduct businesses in India. What are the DOs and DONTs?



Foreign Direct Investment (FDI) Liberalization process continues...

- 100% FDI under automatic route is permitted in market place model of e-commerce
- Townships, shopping complexes & business centers under 100% auto route.
- Defence sector now allows foreign investment up to 49% under the auto route. FDI beyond 49% permissible with government approval.
- Private sector banks now allowed FDI up to 74%.
- Up to 100% FDI is allowed in coffee/rubber/cardamom/palm oil & olive oil plantations under the auto route.
- 100% FDI is allowed under the auto route in duty free shops located and operated in the customs bonded areas.

Foreign Direct Investment (FDI) Liberalization process continues... (continued)

- Manufacturers can now sell their products through wholesale and/or retail, including through e-commerce without Government Approval.
- 100% FDI allowed in medical devices.
- FDI cap increased in insurance from 26% to 49%.
- FDI up to 49% has been permitted in the Pension Sector.
- Construction, operation and maintenance of specified activities of Railway sector opened to 100% foreign direct investment under automatic route.
- FDI policy on Construction Development sector has been liberalized by relaxing the norms pertaining to minimum area, minimum capitalization and repatriation of funds or exit from the project.

Make in India – Players are ready with their investments

Company	Projects	Investment#	Focus market
General Electric	Manufacture 1,000 diesel locomotives and 800 electric locomotives for Railways in 10 years	6.2 bn	Domestic
Foxconn	Manufacturing facility in Maharashtra	5 bn	Domestic and exports
Vodafone	Invest in high-end technology centre in Pune to develop products for Vodafone group	1 bn	Domestic and exports
Spice Group	Invest in UP to manufacture mobile products	77 mn	Domestic
Oracle	Set up 9 incubation centers in India	400 mn	International operations
Raymond Industries	Manufacturing linen yarn and fabric facility	215 mn	Domestic
Wistron Corporation	JV with Optiemus Infracom Limited to set up manufacturing for telecom products	200 mn	Domestic and global
Boeing	Long term investments in Indian defence industry	300 mn	Domestic
Cisco	Invest in India under Digital India scheme	60 mn	Domestic
Siemens	Pledged to support “Make in India” by increasing investment in India	1.1 bn	Domestic
Salcomp	Set up 2 facilities with 100 million units capacity	23 mn	Domestic

Opportunities
that need to
be carefully
picked..



India has only
just begun...





Thank you

president@c-dep.org

Regulatory changes...in line with the global best practices

- 
- New Companies Act, 2013**
Focus on Good Corporate Governance
 - New Accounting Standards (Ind AS)**
New accounting framework in line with IFRS
 - Tax Policy & Administrative reforms**
Bring in certainty & clarity
 - Base Erosion and Profit Sharing (BEPS)**
First set of announcements made

GST, Bankruptcy Code...New laws on the anvil

Tax Regime – Positive steps for foreign investors

- Simplification of Tax Code, gradually over time
 - Reduction in Corporate Tax rate to 25% for domestic companies
 - Rationalization of tax incentive / concessions
- Tax Identification Number – PAN requirement to be modified
- Indian Rupee Denominated Offshore Bond (Masala Bonds) – Concessional tax treatment
- Consortium arrangements - Much needed relief for large Infrastructure/ EPC contracts
- Convertible instruments - Holding Period - Favorable view, from date of acquisition

Tax Regime – Positive steps for foreign investors (continued)

- MAT not chargeable on foreign companies not having Permanent Establishment in India
- Patent-box regime – royalty income for Indian residents to be taxed @ 10%
- Equalization levy for digital transactions @ 6%
- E-compliances – move to maximize compliances through e-portal
- Tax Administrative Reforms, process initiated