सत्यमेव जयते

Investment and Technology Promotion Division
Ministry of External Affairs
Government of India

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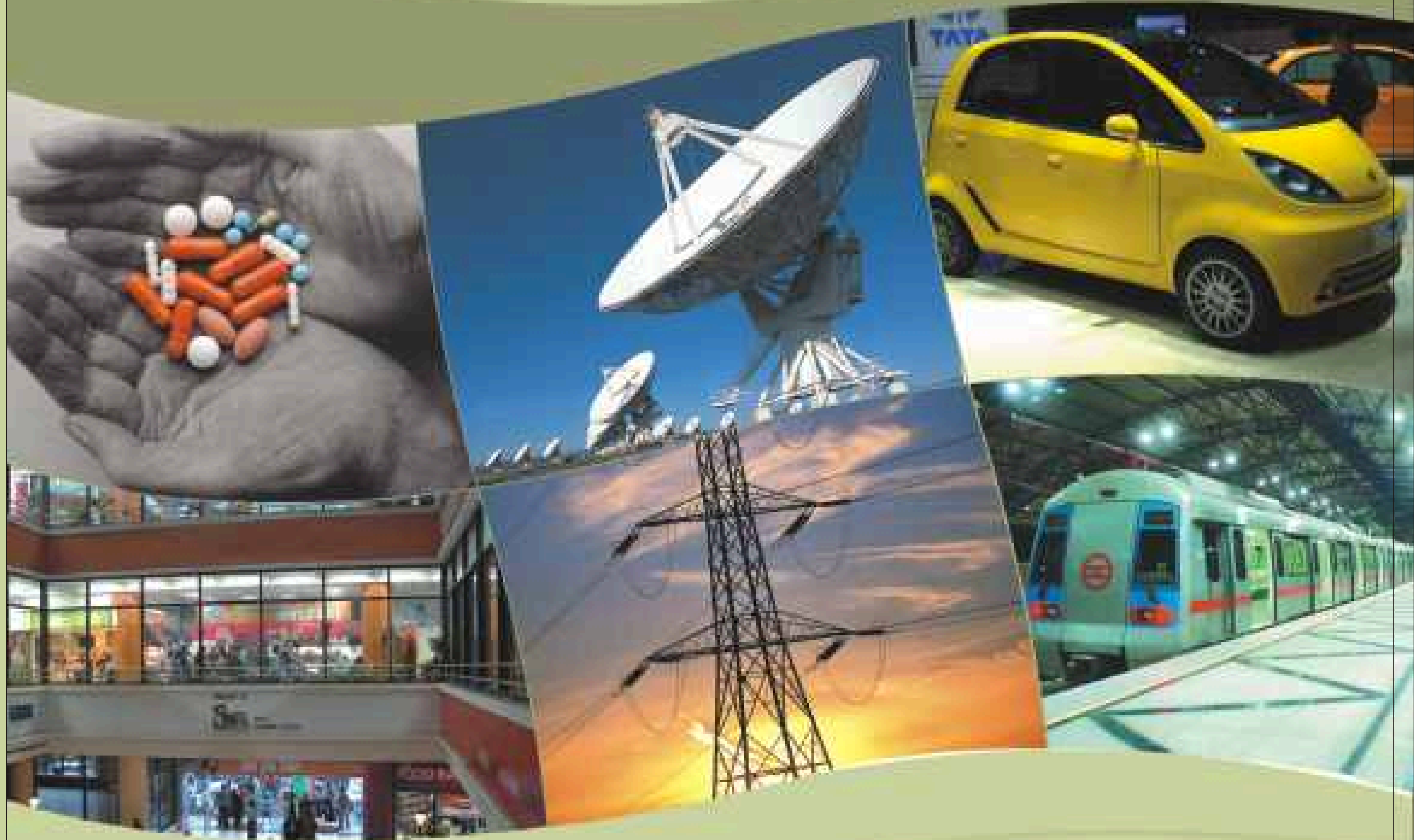
INDIA

Dynamic Business Partner : Investor Friendly Destination



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INDIA AT A GLANCE

General Profile

Location: The Indian peninsula is separated from mainland Asia by the Himalayas in the north, the Bay of Bengal in the east, the Arabian Sea in the west and the Indian Ocean to the south.

Area: 3.3 million sq km

Geographic coordinates: Lying entirely in the northern hemisphere, the mainland extends between latitudes 8° 4' and 37° 6' north, longitudes 68°7' and 97°25' east and measures about 3214 km from north to south between the extreme latitudes and about 2933 km from east to west between the extreme longitudes.

Capital: New Delhi

Border countries: Afghanistan and Pakistan to the northwest; China, Bhutan and Nepal to the north; Myanmar and Bangladesh to the east. Sri Lanka is separated from India by a narrow channel of sea, formed by the Palk Strait and the Gulf of Mannar.

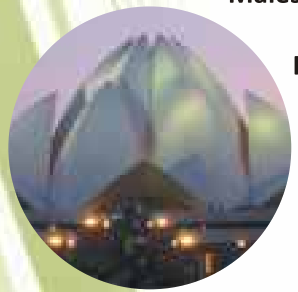
Coastline: 7,516.6 km encompassing the mainland, Lakshadweep Islands, and the Andaman & Nicobar Islands.

Climate: The climate of India varies from tropical in the south to more temperate in the Himalayan north. In the southern region, the climate is tropical and warm. There are four seasons – (i) winter (December-February), (ii) summer (March-June), (iii) south-west monsoon season (June-September), and (iv) post monsoon season (October-November)

Natural resources: Coal, iron ore, manganese ore, mica, bauxite, petroleum, titanium ore, chromite, natural gas, magnesite, limestone, arable land, dolomite, barytes, kaolin, gypsum, apatite, phosphorite, steatite, fluorite, etc.

Population (as per 2001 census): 1028 Million

Males: 532 million



Females: 496 million

Political Profile

Government: India is a Sovereign Secular Socialist Democratic Republic with a Parliamentary system of Government.

Administrative Divisions: Twenty nine states and six union territories.

Constitution: The Constitution of India came into force on 26th January 1950.

Executive Branch: The President of India is the Head of State, while the Prime Minister is the Head of Government and runs office with the support of the Council of Ministers.

Legislative Branch: The Federal Legislature comprises of the Lok Sabha (House of the People) and the Rajya Sabha (Council of States) together forming both Houses of Parliament.

Judiciary Branch: The Supreme Court of India is the apex body of the Indian judicial system, followed by High Courts and subordinate courts.

Economic Profile

Indicators	Amount		
GDP (constant prices 1999-2000) 2008-09	US$ 730.87 billion (Est.)		
GDP (current prices) 2008-09	US$ 1079.59 billion (Est.)		
GDP growth rate 2008-09	6.7 %		
GDP composition by sector	Services	Agriculture	Industry
	57 %	17 %	26%
Per Capita Income (constant prices) 2008-09	US$ 525.25 (Est.)		
Per Capita Income (current prices) 2008-09	US$ 772.87 (Est.)		
Forex Reserves (January-December 2009)	US$ 283 billion		
Exports (April-December 2009)	US$ 117.59 billion		
Exports (April 2008-March 2009)	US$ 168.70 billion		
Imports (April-December 2009)	US$ 193.83 billion		
Imports (April 2008-March 2009)	US$ 287.76 billion		
FDI (April-December 2009)	US$ 20.92 billion		
FDI inflows (April 2008-March 2009)	US$ 27.31 billion		
Cumulative FDI inflows (August 1991 to December 2009)	US$ 127.46 billion		

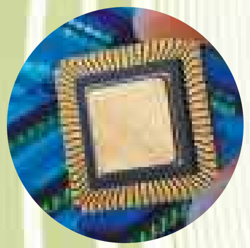
Share of top investing countries in FDI equity inflows

(Figures in US$ million)

Country	2008-09 (April March)	2009-10 (April-December '09)	Cumulative Inflows (April '00 toDecember '09)	% to total FDI inflows
Mauritius	11,208	8,913	45,778	44 %
Singapore	3,454	1,707	9,518	9 %
U.S.A.	1,802	1,584	7,919	8 %
U.K.	864	38	5,611	5 %
Netherlands	883	769	4,359	4 %
Cyprus	1,287	1,340	3,613	4 %
Japan	405	1,080	3,611	4 %
Germany	629	539	2,712	3 %
U.A.E.	257	587	1,507	1 %
France	467	242	1,469	1 %

Sectors attracting highest FDI equity inflows

(Figures in US$ million)



Sector	2008-09 (April-March)	2009-10 (April-December '09)	Cumulative Inflows (April '00 - December '09)	% age to total Inflows
Services Sector (financial & non-financial)	6,116	3,547	22,796	22 %
Computer Software & Hardware	1,677	595	9,549	9 %
Telecommunications	2,558	2,359	8,735	8 %
Housing & Real Estate	2,801	2,383	7,896	8 %
Construction Activities	2,028	2,218	7,409	7 %
Power	985	1,258	4,448	4 %
Automobile Industry	1,152	976	4,365	4 %
Metallurgical Industries	961	336	3,060	3 %
Petroleum & Natural Gas	412	219	2,612	2 %
Chemicals	749	264	2,398	2 %

ADVANTAGE INDIA

- World's largest democracy
- Stable political environment and responsive administrative set up
- Well established independent judiciary
- Land of abundant natural resources and diverse climatic conditions
- Second most attractive FDI location in the world
- Healthy macro-economic fundamentals
- Robust banks and financial institutions
- Cost competitiveness; low labour costs
- Large pool of skilled manpower resources. Strong knowledge base with significant English speaking population
- Young country with a median age of 30 years by 2025
- Huge untapped market potential
- Investor friendly policies and incentive based schemes
- Progressive simplification and rationalization of direct and indirect tax structures
- Reduction in import tariffs
- Full current account convertibility
- Compliance with WTO norms

The Indian Economy

The Indian economy exhibited remarkable resilience in the face of the global financial crisis, registering a growth of 6.7 % during 2008-09, one of the highest compared to most other economies in the rest of the world. Its robust, well-capitalised and well-regulated financial sector; gradual and cautious opening up of the capital account; and the large stock of foreign reserves worked to its advantage and helped India in coping with the meltdown.

There are now visible signs of recovery with the economy growing at an impressive rate of 7.9 % in the second quarter of 2009-10. A positive outlook has overtaken the pessimism of last year with the Government hoping to achieve a growth rate of 7.5% during 2009-10.The Economic Survey of India has predicted 8.5% growth for 2010-11 and 9% for 2011-12.

Agriculture

Growth of the Indian economy is to a large extent influenced by the performance of the agriculture sector. It accounts for 52 % of the employment in the country and contributed 17% of GDP during 2008-09. Apart from being the provider of food and fodder, its importance also stems from the raw materials that it provides to industry. The prosperity of the rural economy is also closely linked to agriculture and allied activities.The rural sector (including agriculture) is being increasingly seen as a potential source of domestic demand; a recognition, that is shaping the marketing strategies of entrepreneurs wishing to widen the demand for goods and services.

Industry

The industrial sector has shown clear signs of revival in recent months. Industrial production in December 2009 grew at its fastest year-on-year pace in 20 years registering a 16.8% growth on the back of a 46% increase in consumer durables and a 38.8% growth in capital goods.

Services

Structure of the Indian economy has undergone considerable change in the last decade. The services sector has become a major part of the economy with GDP share of over 50% and the country becoming an important hub for exporting IT services. India featured among the top 10 exporters of commercial services in the world in 2008.Finance, insurance, real estate and business services grew by 7.7 % in the second quarter of 2009-10.

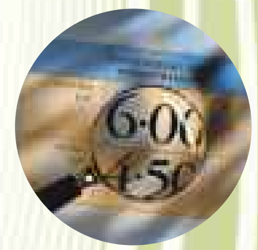
INVESTING IN INDIA

India is the world's largest democracy and the 4th largest economy in terms of purchasing power parity. With its consistent growth performance and highly-skilled manpower, India provides enormous opportunities for investment in various sectors.

A series of ambitious economic reforms aimed at deregulating the economy and stimulating foreign investment has moved India firmly into the front-runners of the rapidly growing Asia Pacific region and unleashed the latent strength of a complex and rapidly changing nation. Today, India is one of the most exciting emerging markets in the world. Skilled managerial and technical manpower that matches the best available in the world and an emerging middle class provides India with a distinct cutting edge in global competition. India's time tested institutions offer foreign investors a transparent environment that guarantees the security of their long-term investments. These include a free and vibrant press, a well-established judiciary, a sophisticated legal and accounting system and a user-friendly intellectual infrastructure. India's dynamic and highly competitive private sector has long been the backbone of its economic activity and offers considerable scope for foreign direct investment, joint ventures and collaborations.

Investment Outlook

India is fast emerging as one of the most favoured investment destinations in the world. A number of studies and surveys in the recent past have highlighted the growing attractiveness of India as an investment destination. According to A T Kearney, India ranked first in Global Services Location Index 2009 and Global Retail Development Index 2009.Goldman Sachs has predicted that, India will become the world's third largest economy by 2032.



During 2008-09, India received FDI worth US$ 27.31 billion. FDI worth US$ 20.92 billion flowed into the country during April-December 2009. Investor sentiment is very positive and FDI into India looks set to cross US$ 25 billion during 2009-10.

Investment Policy

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

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

Entry Routes for Investment

Procedure under Automatic Route

FDI in sectors/activities permitted under automatic route does not require any prir approval either by the Government or RBI. The investors are only required to notify the Regional office concerned of RBI within 30 days of receipt of inward remittances and file the required documents with that office within 30 days of issue of shares to foreign invest ors.

Procedure under Government Approval

FDI in activities not covered under the automatic route require prior Government approval. Such proposals are considered by the Foreign Investment Promotion Board (FIPB), a Government body that offers single window clearance for proposals on foreign investment in the country that are not allowed access through the automatic route.

Government approval is required in the following cases:

- Where a foreign investor has an existing joint venture/technology transfer/ trademark agreement in the same field, prior to January 12, 2005, the proposal for fresh investment/technology transfer/collaboration/trademark agreement in a new joint venture would have to be under the Government approval route through FIPB.
- In sectors with caps, including inter-alia defence production, air transport services, ground handling services, asset reconstruction companies, private sector banking, broadcasting, commodity exchanges, credit information companies, insurance, print media, telecommunications and satellites, Government approval/FIPB approval would be required in all cases where:
  - o An Indian company is being established with foreign investment and is owned or controlled by a non-resident entity or
  - o The control or ownership of an existing Indian company, currently owned or controlled by resident Indian citizens and Indian companies, which are owned or controlled by resident Indian citizens, is being transferred to a non-resident entity as a consequence of transfer of shares and/or fresh issue of shares.

These guidelines do not apply for sectors/activities where there are no foreign investment caps, that is, 100% foreign investment is permitted under the automatic route.

Applications for all FDI cases, except Non-Resident Indian (NRI) investments, Export Oriented Units (EOUs) and for FDI in retail trading (single branded product) should be submitted to the FIPB Unit, Department of Economic Affairs (DEA), Ministry of Finance. The procedure for filing FDI applications has been simplified through e-filing facility launched by the DEA. For e-filing, please see FIPB website at www.fipbindia.com.

Applications for NRI investment, EOU and for FDI in single-brand retail trading should be submitted to Secretariat for Industrial Assistance (SIA) in Department of Industrial Policy & Promotion (DIPP).

Investment in a Firm or a Proprietary Concern by NRIs

A Non-Resident Indian (NRI) or a Person of Indian Origin (PIO) resident outside India may invest by way of contribution to the capital of a firm or a proprietary concern in India on non-repatriation basis provided,

i) Amount is invested by inward remittance or out of NRE/FCNR/NRO account maintained with Authorised Dealer/ Authorised Banks.

ii) The firm or proprietary concern is not engaged in any agricultural/plantation or real estate business or print media sector.

iii) Amount invested shall not be eligible for repatriation outside India.

Setting up Business Operations

A foreign company planning to set up business operations in India can do so by either setting up an Indian company or a liaison/branch office.

As an Indian Company

A foreign company can set up operations in India either as a Joint Venture or as a Wholly Owned Subsidiary. Foreign equity in such Indian companies can be up to 100% depending on the requirements of the investor, subject to equity caps in respect of the area of activity under the Foreign Direct Investment (FDI) policy. Details of the FDI policy, sectoral equity caps & procedures can be obtained from Department of Industrial Policy & Promotion at www.dipp.nic.in

Incorporation of Company

For registration and incorporation, an application has to be filed with the Registrar of Companies. Once a company has been duly registered and incorporated as an Indian company; it is subject to Indian laws and regulations as applicable to other domestic Indian companies. For details, please visit the website of Department of Company Affairs at www.dca.nic.in

As a Foreign Company

Foreign Companies can set up their operations in India through a Liaison Office; Representative Office; Project Office or Branch Office. Such offices can undertake any permitted activities. Companies have to register themselves with Registrar of Companies within 30 days of setting up a place of business in India. For more details please visit: http://siadipp.nic.in/policy/entry.htm

Sectors Prohibited For FDI

FDI is not permitted in the following activities:

(a) Gambling and Betting ; (b) Lottery Business ; (c) Atomic Energy ; (d) Retail Trading (except Single Brand product retailing) ; (e) Business of chit fund ; (f) Nidhi company ; (g) Trading in Transferable Development Rights (TDRs) ; (h) Real Estate Business or Construction of Farm Houses ; and (i) Activities / sectors not opened to private sector investment.

Policy Review

FDI policy is reviewed on continued basis and changes in sectoral policy/sectoral equity cap are notified through Press Notes by Department of Industrial Policy & Promotion. FDI policy is also notified by Reserve Bank of India (RBI) under Foreign Exchange Management Act (FEMA) 1999.

With a view to simplifying FDI policy and bringing greater clarity in understanding of foreign investment rules, the DIPP has announced a Consolidated FDI Policy on April 01, 2010.This is a compilation and comprehensive listing of most matters on FDI. It consolidates in one place all prior policies/regulations on FDI contained in RBI regulations under FEMA, 1999 and Press Notes/Press Releases/ Clarifications issued by DIPP.

A consolidated circular would be issued every six months to update the policy. In the intervening period, any changes in policy will continue to be announced through Press Notes and RBI notifications which would get subsumed in the next consolidated circular to be issued on September 30, 2010. The consolidated FDI policy can be accessed at:

http://siadipp.nic.in/policy/fdi_circular/fdi_circular_1_2010.pdf

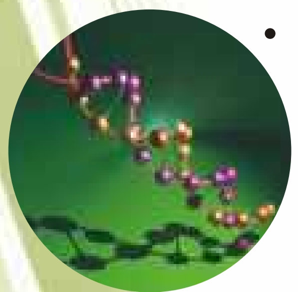
SECTORAL ADVANTAGES

Automobiles

- One of the largest industries in India comprising of the automobile and auto component sectors.
- Industry has been witnessing impressive growth during the last two decades.
- Well-developed, globally competitive auto ancillary industry.
- Established automobile testing and R&D centres.
- World's second largest manufacturer of two wheelers.
- Fifth largest manufacturer of commercial vehicles.
- Largest manufacturer of tractors in the world.
- Fourth largest passenger car market in Asia.
- Investment opportunities in passenger car, two wheeler and heavy truck segments and also in establishing R&D and engineering centres.
- FDI up to 100 % of manufacture of automobiles and components is permitted under automatic route.

Biotechnology

- One of the fastest growing knowledge based sectors in India.
- Well-developed and integrated scientific infrastructure.
- Advanced chemical synthesis technologies.
- Manufacturing practices conforming to US and EU norms.
- Globally recognized as a producer of low cost, high quality bulk drugs and formulations.
- Annual revenues in excess of US$ 13 billion by 2015 have been forecast.
- Tremendous scope for potential investment in agriculture and plant biotechnology, medicinal and aromatic plants, animal biotechnology, aquaculture and marine biotechnology, seri biotechnology etc.
- 100 % FDI is allowed under the automatic route.

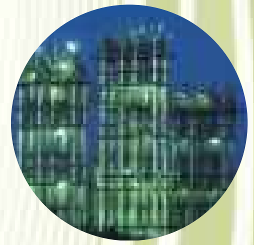


Cement

- Indian cement industry is the second largest producer of quality cement.
- Several varieties of cement are produced strictly as per the Bureau of Indian Standards (BIS) specifications and their quality is comparable with the best in the world.
- The export of cement during April-March 2008-09 was recorded at 3.20 million tonnes
- Comprises of 140 large and more than 365 mini cement plants.
- The demand for cement (including exports) is expected to increase to 244.82 million tonnes by 2010-11.
- 100 % FDI is permitted under automatic route.

Chemicals

- One of the oldest industries in India and contributes significantly towards industrial and economic growth of the nation.
- Its size is estimated at around US$ 35 billion.
- Its contribution to the GDP of the country is around 3 %.
- Expected to grow to US$ 100 billion by 2015.
- Ranks 12th by volume in the world production of chemicals.
- Diversified manufacturing base.
- Low cost base for research.
- Total investment in chemicals (excluding fertilizers) was of the order of US$ 95.21 billion out of the total industrial investment of US$ 942.44 billion from August 1991 to July 2008.
- In the chemical sector, 100 % FDI is permissible under automatic route and subject to the Industrial license.
- Manufacture of most of the chemical products is delicensed and only few items namely, hydrocyanic acid and its derivatives; phosgene and its derivatives; isocynates and di-isocynates of hydrocarbons, are covered in the compulsory licensing list.



Defence

- India is currently the 10th largest defence spender in the world.
- Since India's first defence budget for 1950-51 of US$ 34.78 million, spending has grown to US$ 30.68 billion in 2009-10.
- Approximately 40% of spending relates to capital expenditure which is currently driven by equipment modernisation programmes in each of the three Services (Army, Navy and Air force).
- As a percentage of GDP, India has been able to maintain defence expenditure to a range of 2 to 3 %, in line with other major developed nations.
- FDI of up to 26 % is allowed under Government route subject to licensing.

Education

- National Knowledge Commission set up to reform the sector.
- India's education and training sector offers private institutions an estimated US$ 40 bn market, with a potential 16% annual growth rate over five years.
- India has the third largest higher education system in the world comprising of 431 Universities, 20,677 colleges, 7000 technical education institutions and 1500 research institutions.
- Market for higher education in India is projected to grow almost three times in the next 10 years to US$ 115 billion.
- All India Council for Technical Education norms for entry and operation of foreign universities / institutions imparting technical education in India.
- Opportunities for education through internet; student exchange programs; Campus development; twinning arrangements; R&D collaboration; Faculty exchange programs
- FDI up to 100%, on the automatic route is permissible.

Entertainment and Media

- One of the most rapidly growing sectors of economy.
- The Indian Media & Entertainment industry stood at US$ 12.91 billion in 2009, up 1.4 % over the previous year. The Media and Entertainment industry is slated to grow at an annual growth rate of 13% by 2014.
- Indian Film Industry is one of the world's largest with more than 1000 movie releases and over 3 million movie goers annually. Indian film industry stood at US$ 1.96 billion in 2009. The industry is projected to grow at 9 % and reach US$ 3 billion by 2014.
- In 2009, television industry stood at US$ 5.65 billion registering a growth of 6.8%. The industry is projected to grow at 15.5% and reach around US$ 11.45 billion by 2014.
- In 2009, the print media industry stood at US$ 3.85 billion and showed a moderate growth of 2 %. The industry is projected to grow at a CAGR of 9% and reach around US$ 5.90 billion by 2014.
- India's demographic composition-70% of population below 35 years- ensures that it is an attractive market for entertainment. Economic growth, rising disposable income levels, privatisation, growth of the radio industry, advancement in technology, favourable regulatory initiatives are some of the key drivers of this sector.
- Government's liberal economic policy paved way for dynamic local entrepreneurs to spearhead this boom.
- FDI policy for Media industry:
  - **Advertising and Films:** 100% FDI under the automatic route is allowed in advertising sector and in Film industry.
  - **Terrestrial Broadcasting FM (FM Radio):** Foreign investment permitted up to 20% equity with prior approval of the Government.
  - **Cable Network:** Foreign investment permitted up to 49% under Government route.
  - **Direct–to-Home:** Foreign investment permitted up to 49% for Direct to Home under Government route. Within the limit of 49%,FDI will not exceed 20%.
  - **Headend-In-The-Sky (HITS) Broadcasting Service:** The total direct and indirect foreign investment including portfolio and foreign direct investment in HITS shall not exceed 74%. FDI upto 49% would be on automatic route and beyond that under government route.
  - **FDI policy in the Up-linking of TV Channels is as under:**
    - FDI (including investment by FII) up to 49% is permitted under the Government route for setting up Up-linking HUB/ Teleports;
    - FDI up to 100% is allowed under the Government route for Up linking a Non-News & Current Affairs TV Channel;
    - FDI (including investment by FII) up to 26% is permitted under the Government route for Up-linking a News & Current Affairs TV Channel.

- o **Print Media:** Foreign investment, including FDI and investment by NRIs/PIOs/FII, up to 26%, is permitted under the Government route in publishing of Newspaper and periodicals dealing with news and current affairs.

Food Processing

- India is a large consumer market and a potential sourcing hub to the world. Government of India has accorded a high priority to the sector and has provided many fiscal incentives.
- India's food processing industry is estimated to be around US$ 67 billion. It employs about 13 million people directly and about 35 million people indirectly.
- Key segments in the food processing industry include fruits & vegetable, meat & poultry, dairy, marine products, grains and, consumer food.
- Diverse agro-climatic regions, changing demographic patterns, food habits and rise in income levels opens up abundant opportunities in the sector.
- India produces annually 105 million tonnes of milk (highest in the world), 150 million tonnes of fruits & vegetables (second largest), 485 million livestock (largest), 230 million tonnes food-grain (third largest), 7.0 million tonnes of fish (3rd largest), 489 million poultry and 45,200 million eggs.
- Increasing urbanisation, rise in nuclear families, consciousness on health and nutrition and changing lifestyle and changing consumption habits is driving growth of food processing industry in India.
- Two nodal agencies, Agricultural & Processed food products Export Development Authority (APEDA) and Marine Products Export Development Authority (MPEDA), were formed for promoting exports from India. MPEDA is responsible for overseeing all fish and fishery product exports; APEDA, on the other hand, holds responsibility for the exports of other processed food products.
- Indian Food industry expected to grow to US$ 280 billion by 2015 and generate an additional employment for approximately 8.2 million people.
- Food consumption in India is estimated to grow at an annual growth rate of 5.32 % by 2013.
- 100% FDI is allowed under automatic route in food processing industry and food infrastructure including food parks, distillation & brewing of alcohol, cold storage chain and warehousing.

Gems and Jewellery

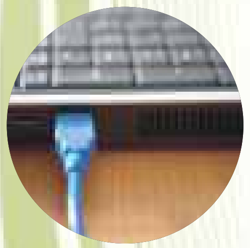
- One of the world's largest and fastest growing gems and jewellery markets.
- One of the largest exporters of gems and jewellery.
- Established manufacturing excellence in jewellery and diamond polishing.
- Most technologically advanced diamond-cutting centre in the world.
- Surat in Gujarat, home to thousands of diamond units has been recognized as "Town of Export Excellence".
- Investment opportunities exist in gemstone processing (Cutting and Polishing), jewellery manufacturing and retailing, jewellery certification and branded jewellery.

Healthcare

- Healthcare is a US$ 35 billion industry in India.
- Contributes 5.2% of the GDP; projected to grow at 15% annually to US$78.6 billion by 2012, $150 billion by 2017 and $280 billion by 2022.
- Population growth, growing middle class, and healthcare insurance are some of the key drivers of healthcare industry.
- Investment opportunities exist in hospital services, tele-medicine, pathology services, medical equipment, healthcare BPO services, healthcare insurance etc.
- Private and public spending in Indian health infrastructure would touch $14.2 billion in 2013, at an annual growth rate of 5.8 % from 2009.
- Clinical trials growing at the rate of 25%
- Medical tourism projected to grow at 22% per annum to reach $1.48 billion by 2012.
- 100 % FDI is permitted for all health related services under the automatic route.

Information Technology and Information Technology Enabled Services (ITES)

- Information technology and electronics are the fastest growing segments, both in terms of production and exports.
- Total export revenues earned by IT sector have grown to US$ 46.3 billion in 2008-09.
- The domestic IT-BPO sector has grown to US$ 12.4 billion in 2008-09.
- In 2009, direct employment in Indian IT-BPO sector crossed the 2.2 million mark, an increase of about 226,000 professionals over FY 2008; indirect job creation is estimated at about 8 million.
- India has been able to add value to global Knowledge Process Outsourcing (KPO)valuation research, investment research, patent filing, insurance claims processing, online teaching and legal process outsourcing.
- IT sector emerged as the preferred space for venture capital investments in India.
- IT-BPO exports are expected to grow at a rate greater than 13 %, and generate export revenues of US$ 82 billion, and domestic revenues of US$ 23 billion by 2014. Direct employment generation is expected to increase by 75% from FY09 levels, to 3.9 million, while indirect employment is expected to touch 12 million by 2014.Exports are expected to increase to US$ 175 billion by 2020, while domestic revenues are expected to grow to US$ 50 billion in the same period. Direct employment is expected to reach 10 million, while indirect jobs are expected to total 20 million by 2020.
- FDI up to 100 % is permitted for e-commerce activities subject to the condition that such companies would divest 26 % of their equity in favour of the Indian public in five years.



Insurance

- The Insurance Regulatory and Development Authority (IRDA) regulates and develops the insurance sector in India through calibrated policy initiatives.
- A growing economy, low insurance penetration in terms of premium percentage to the GDP, as well as increasing affordability on account of higher disposable incomes and savings, increasing urbanization and increasing awareness, are some of the factors that continue to power the growth of insurance sector in India.
- In the fiscal 2008-09, life insurance business registered a growth of 10.15 %, general insurance business recorded a growth of 9.09 % in 2008-09. In the first six months of 2009-10, the insurance industry has registered a growth of 11.35%.
- The total investments of insurance sector in the financial year 2009-10 recorded an increase of 18.61 % over the previous year.
- Health insurance has become one of the fastest growing segment in the non-life insurance industry; It has grown by 30 % during 2008-09.
- Insurance sector in India holds vast untapped potentials in life insurance products, life covers, household insurance policies, overseas mediclaim, travel insurance policies etc.
- FDI up to 26% in the Insurance sector is allowed under the automatic route.
- Life insurance premium in India is projected to grow US$ 266 billion by 2010-11.
- Non-life insurance premium is expected to increase at an annual growth rate of 25 % for the period spanning from 2008-09 to 2010-11.
- FDI up to 26% in the Insurance sector is allowed under the automatic route.

Mines

- The metallurgical and mineral industries constitute the bedrock of industrial development.
- India is endowed with huge resources of many metallic and non-metallic minerals.
- Wide availability of the minerals in the form of abundant rich reserves makes it conducive for the growth and development of the mining sector.
- India produces as many as 86 minerals which include 4 fuels, 10 metallic, 46 non-metallic, 3 atomic and 23 minor minerals.
- Ranks 2nd in barytes, chromite and talc; 3rd in coal, lignite and bauxite; 4th in iron ore and kyanite/sillimanite; 5th in manganese ore and steel (crude); 7th in zinc, and 8th in aluminium.

- The index of mineral production showed a positive growth of 2.34 % for the year 2008-09. The total value of mineral production (excluding atomic minerals) also showed an increase of about 7.10 % during the same period.
- Indian mining industry is characterized by a large number of small operational mines. The number of mines which reported mineral production (excluding minor minerals, petroleum (crude), natural gas and atomic minerals) in 2008-09 was 2954.
- Vast opportunities for private and foreign investors to set up production facilities and tap large domestic market and export potential.
- Investment opportunities exist in induction of foreign technology
- Private participation in exploration and mining of high value and scarce minerals is being encouraged.
- Foreign equity holding is allowed up to 100 % on the automatic route for all non-fuel and non-atomic minerals including diamonds and precious stones. In addition, FDI up to 100 % is allowed with prior Government approval in mining and mineral separation of titanium bearing minerals & ores.

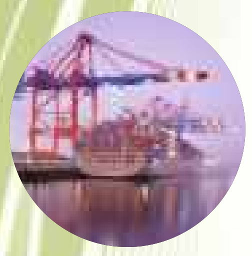
Oil and Gas

- Oil and gas sector plays a predominantly pivotal role in influencing decisions in all other spheres of the economy.
- At present, there are 20 refineries operating in the country, out of which 17 are in the public sector and 3 in the private sector.
- The total installed capacity of refineries increased to 177.97 MMTPA during 2009.
- Oil and Natural Gas Corporation Limited (ONGC) and Oil India Ltd. (OIL), the two National Oil Companies (NOCs) and private and joint-venture companies are engaged in the exploration and production (E&P) of oil and natural gas in the country.
- The country is net exporter of petroleum products including naphtha, petrol, diesel and Aviation Turbine Fuel (ATF) etc.
- FDI up to 100% under the automatic route is permitted in exploration activities of oil and natural gas fields, infrastructure related to marketing of petroleum products, actual trading and marketing of petroleum products, petroleum product pipelines, natural gas/LNG pipelines and Petroleum refining in the private sector. FDI up to 49% is permitted under the Government route in petroleum refining by the Public Sector Undertakings (PSU).

Pharmaceuticals

- Industry has been witnessing phenomenal growth in recent years, driven by rising consumption levels in the country and strong demand from export markets.
- Industry valued at US$ 19 billion in 2008.
- One of the top five bulk drugs producers in the world.
- Industry expected to grow at an annual growth rate of 14% to US$ 50 billion by 2015.
- Fiscal incentives offered to R&D units.
- Product patent regime in force since January 2005.
- Drug prices 1/10th of international prices.
- 40% cheaper to set up plants.
- 60-70% cheaper for bulk drug production.
- Ranks 3rd in terms of volume of production (10% of global share) and 14th largest by value (1.5% of global share).
- World-class cost effective generic drugs' manufacturer of AIDS medicines.
- Highest quality approvals from USFDA, European Directorate for the Quality of Medicines (EDQM), Medicines and Healthcare Products Regulatory Agency (MHRA) etc.
- Domestic investments in the pharmaceuticals sector is estimated at US $ 7.14 billion.
- Indian pharmaceutical industry is estimated to have the potential to achieve over US $ 20.47 billion production of formulations and bulk drugs by the year 2010.
- 100% FDI is permitted under automatic route.

Ports

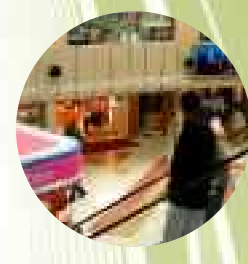


- Indian shipping industry has over the years played a crucial role in the transport sector of India's economy.
- Approximately 95% of the country's trade by volume and 70% by value is moved through maritime transport.
- India is among the 20 leading merchant fleets all over the world. The country has 12 major ports and 200 minor ports.
- The traffic at major ports registered a growth of 2.1% with total traffic of 530.5 million tonnes during 2008-09.
- The annual aggregate cargo-handling capacity of major ports increased from 532.07 million tonnes per annum in 2007-08 to 574.77 million tonnes per annum in 2008-09.
- There was an impressive growth of 11.05% per annum in container traffic during the five years ending 2008-09.
- About 80 % of the total volume of traffic handled was in the form of dry and liquid bulk, with the residual consisting of general cargo, including containerized cargo.
- The Government has finalized a Model Concession Agreement (MCA) to ensure uniformity in the contractual agreements to be entered by the major ports with the selected bidders.
- FDI up to 100 % under the automatic route is permitted for construction and maintenance of ports and harbours.

Power

- Power sector plays a significant role in a country's overall economic development.
- India's power market is the fifth largest in the world.
- Offers tremendous potential for investing companies based on the sheer size of the market and the returns available on investment capital.
- India's power sector is expected to grow exponentially, going forward as the Indian government aims at providing electricity to all households by 2012.
- Capacity addition during April-December 2009 stood at 6375 MW, where, the Central sector contributed 1000 MW, State sector 2018 MW, and Private sector contributed 3357 MW.
- Investment opportunities exist in hydro projects; captive power; ultra mega power projects and nuclear power.
- In addition, opportunities also exist in distribution of rural electrification, privatization of discoms and participation under franchise model. Further "power pools" system has been established to facilitate trading opportunities for licenses.
- FDI up to 100% under automatic route in Generation, Transmission, Distribution and Trading is permitted.

Retail



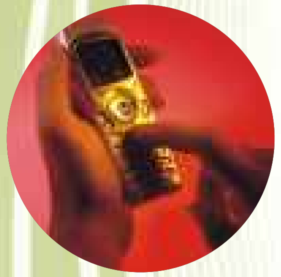
- One of the sunrise sectors in the economy.
- AT Kearney has ranked India as the most attractive market for global retailers to enter.
- Indian retail industry is divided into organised and unorganised sectors.
- Indian retail market is the seventh largest retail market in the world.
- Indian retail industry is estimated to grow to about US$ 590 billion by 2011-12 and further to over US$ 1 trillion by 2016-17.
- Organised retail is estimated to grow at a compound rate of about 45-50 % per annum and is estimated to contribute 16 % to the total Indian retail by 2011-12.
- Modern retail formats in India consists of Hypermarkets, Cash-and-carry stores, Department stores, Supermarkets, Shopping malls, Specialty stores, Discount stores and Convenience stores.
- Foreign companies are allowed to own up to 51 % in single-brand retail Joint Ventures as approved by the Foreign Investment Promotion Board (FIPB).

Roads and Highways

- One of the largest road networks in the world, aggregating to about 3.34 million kilometres.
- Country's road network consists of national highways, state highways, major district roads, other district roads and village roads.
- National Highways Development Project (NHDP), the largest highway project ever undertaken by the country is being implemented by the National Highway Authority of India (NHAI).
- Investment opportunities exist in construction of roads, bridges and bypasses; consultancy services; major highway contracts under international competitive bidding (ICB); Collaborations for equipment manufacture; equipment leasing; design engineering and new management techniques.
- Several incentives were announced such as tax exemptions and duty free import of road building equipments and machinery to encourage private sector participation in the highway sector.
- Simplified policies with transparent procurement procedures
- Model concession agreement (MCA) standardization
- Viability gap funding up to 40 % of project cost based on competitive bidding for each project
- Tax holiday for any 10 consecutive years out of 20 years of the concession period
- Retention of toll by concessionaire for Build, Operate and Transfer (BOT) Projects
- Better clarity in the defining of rights and obligations of the parties
- Foreign direct investment up to 100 % is allowed in road sector under automatic route.

Special Economic Zones

- Special Economic Zone (SEZ) policy was announced with the intention of making the SEZ an engine for economic growth.
- During 2009, total private investments were recorded at US $ 22.53 billion.
- Duty free import of goods for development, operation and maintenance of SEZ units.
- 100% income tax exemption on export income for SEZ units for the first 5 years, 50% for the next 5 years thereafter and 50% of the ploughed back export profit for next 5 years.
- Exemption from minimum alternate tax.
- External commercial borrowing by SEZ units up to US $ 500 million in a year without any maturity restriction through recognized banking channels.
- Exemption from central sales tax.
- Exemption from service tax.
- Single window clearance for central and state level approvals.
- Exemption from state sales tax and other levies as extended by the respective State Governments.
- Exemption from customs/excise duties for development of SEZs for authorized operations approved by the board of approval (BOA).
- Income tax exemption on income derived from the business of development of the SEZ in a block of 10 years in 15 years.
- FDI up to 100% is permitted under automatic route.

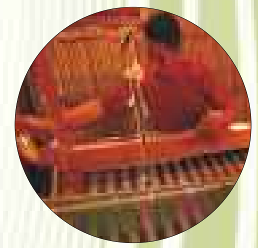


Telecommunications

- Indian Telecom industry has emerged as the fastest growing telecom market in the world.
- The opening of the telecom sector to the foreign investors has led to rapid growth in subscriber base and maximization of consumer benefits following the moderate approach in tariffs.
- The sector showed an additional 2.49 million subscribers from March to December 2009.
- Presently India has the third largest telecom network and one of the lowest tariffs in the world.
- Indian telecom has become the second largest wireless network in the world, with 525.1 million wireless connections.
- The share of the private sector in total telephone connections has increased to 82.3 % in December 2009 as against a meagre 5 % in 1999.
- Teledensity increased from 37.0 % in March 2009 to 47.9 % in December 2009.
- Broadband subscribers grew from 6.2 million by end-April 2009 to 7.98 million by end-December 2009.
- Government has recently announced guidelines for penetration of 3G telecom services providing a good opportunity for existing operators as also foreign players to make an entry into the Indian market and bring in new technology and innovations.
- The Indian telecom industry manufactures a vast range of telecom equipment using state-of-the-art technology. Many renowned telecom companies are setting up manufacturing bases in India.
- Foreign direct investment (FDI) ceiling has been raised from 49 % to 74 % with Government approval. In the area of telecom equipment manufacturing and provision of IT-enabled services,100 % FDI is permitted.

Textiles

- Textile sector plays a pivotal role through its contribution to industrial output, employment generation and the export earnings of the country.
- Indian textile market is estimated to be around US$ 52 billion industry (US$ 21 billion exports and US$ 31 billion domestic market) during 2008-09.
- India is the second largest textiles economy in the world.
- Indian textile industry contributes about 14 % to industrial production, 4 % to the GDP, and 17 % to the country's export earnings.
- Second largest provider of employment after agriculture.
- India ranks 3rd in the EU markets of textiles and clothing. EU's imports of textiles and clothing from India amounted to US$ 9.08 billion during calendar year 2008 registering a growth of about 6.42%.
- The total investment in textile industry during 2008-09 were US$ 9.52 billion.
- Ministry of Textiles has set up a Cell to attract FDI in the textile sector in the country.
- 100 % FDI is freely allowed in spinning, weaving, processing, garments and knitting sector under the automatic route.



Tourism

- Tourism is one of the foremost avenues to put India on the global map.
- India is an attractive tourist destination known for its rich natural and cultural heritage, world heritage sites, rich flora and fauna and strong creative industry.
- India has received the Grand Prix Award - organized by Comite International Des Festivals Du film Touristique (CIFFT) in Vienna in 2009.
- Tourism in India has already started showing signs of early recovery from the impact of global economic meltdown and in December 2009 tourist arrival grew substantially by 21 %.
- Foreign Tourist Arrivals during 2009 totalled 5.11 million with Foreign Exchange Earnings of US$ 11.39 billion.
- New tourism products include eco tourism, rural tourism, medical tourism, wellness tourism, cruise tourism, adventure tourism and Incredible India Bed & Breakfast Scheme.
- The demand for tourism in India is expected to grow by 8.2% between 2010 and 2019.
- Capital investment in India's travel and tourism sector is expected to grow at 8.8% between 2010 and 2019.
- 100 % FDI is allowed under automatic route in the hotels and tourism sector.

Ministry of External Affairs (ITP Division)
website for Trade and Investment Promotion
www.indiainbusiness.nic.in

Foreign Investors may access the web portal on Foreign Direct Investment developed by the Ministry of External Affairs, Government of India. The website gives information on Indian Economy, Trade, Investment, Industry Sectors and Services. The portal also has a detailed investor's guide. Weekly and Monthly updates on the Indian economy are available on this site.

Invest India
www.investindia.gov.in

A joint Venture Company 'Invest India' has been set up by DIPP, Ministry of Commerce and Industry, in partnership with the Federation of Indian Chambers of Commerce and Industry (FICCI) and State Governments, to promote and facilitate FDI into the country.

Invest India can be contacted for assistance and support for investing in India through its website.

CONTENTS (in enclosed CD)

Sectoral Profile

A number of sectors have been identified where substantial investment potential exists and the profiles of the same have been provided. Each profile includes:

1. Industry Overview
2. Advantage India
3. Investment Opportunities
4. Policy Initiatives
5. Useful Web Links

The following sectors have been covered in the CD

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States and Union Territories at a Glance

A brief profile has been furnished for each State and Union Territory covering the following parameters to facilitate investors:

- Geographical Location
- State Advantage
- Thrust Areas
- Investment Opportunities
- Whom to contact
- Useful Web links

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Investments have been made by many multinational companies across the board and almost all the sectors have seen inflow of funds. Global players have benefited from their operations in India and have made expansion plans for the country. The companies plan to expand by way of product diversification, setting up manufacturing base in India, increasing the existing production capacity, establishing research centres in India, etc.

An account of some companies has been provided (sector-wise) in the CD. It includes:

Automobiles

- Hyundai motor India Limited
- Maruti Suzuki India limited
- Ford India
- Fiat India Automobiles Limited

Cement

- Lafarge
- Ultratech Cement
- Ambuja Cement

Consumer Durables

- Carriers
- Panasonic
- Philips Electronics India Limited
- Godrej

Food processing

- Cadbury
- Nestle India
- Dabur India Limited
- Parle products Private Limited

Information technology

- Infosys Technologies Limited
- Adobe India

Pharmaceuticals

- Pfizer Inc.
- Merck
- Wockhardt Limited
- Cadila Pharmaceuticals Limited

Retail

- Aditya Birla Retail limited
- Tata Trent Limited
- Lifestyle international Limited
- Ebony

List of Industry Associations /Councils/Chambers Of India & Consultants

A list of major Industry Associations and consultants (along with their contact details) operating in India has been provided in the CD for ready reference by the investor.

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