CENTRE for INTERNATIONAL RESEARCH CCIR

India-France

Business Cooperation:

Sourcing and Investing

OCTOBER 2022

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Introduction

The Covid-19 pandemic brought about an unprecedented economic situation the world over which are leading to far reaching changes in economic structures, geopolitical partnerships, the regional security architecture, and other parameters over time. As a result, countries and businesses around the world are shifting their strategic interactions, and examining the strengths and vulnerabilities of existing supply chains, sources of imports and destinations of exports.

India and France have had a long-standing, fruitful and warm friendship built over decades of robust economic and strategic ties which have stood the test of time. French companies are investing in various sectors of the Indian economy, especially in renewable energy, defence, infrastructure and smart cities, pharmaceuticals, etc. India's historical links with Europe, dynamic and growing market size and a consumer base with increasing spending power as well as a consistently improving investment and business climate are some of the major factors that have helped facilitate French investments in the country.

India increasingly also offers high quality and wide-ranging products for sourcing purposes which can fulfil supply chain requirements for French MNCs looking to diversify their import base.

The policy environment in India is intensively focused on making the country a major exports hub. India has already emerged as a key source of exports to advanced economies of the world and Indian products and services are recognized for their superior quality and adherence to established standards. India is also increasingly ramping up its exports to its immediate neighbourhood as well as other emerging economies in Asia, Africa and South America. With a hugely diversified economy and notable capacity in a range of sectors, India provides the entire supply chain for manufacturing.

With many reforms having taken place over the last few years, including the notable Goods and Services Tax, Insolvency and Bankruptcy Code and tax structure as well as continued liberalisation of the FDI policy, the investment and sourcing environment in India has greatly improved. Increasingly, states within India are also proactively seeking to attract and retain FDI through appropriate incentives.

As one of the world's fastest growing economies, India has built in the resilience needed to withstand and recover from external shocks – this, coupled with the exciting trade and investment opportunities already emerging in the country, positions India as an ideal partner for France. French companies, including small and medium enterprises, can gain much from intensifying their engagement with India to invest in and source from the country.

The United Kingdom's departure from the European Union i.e. Brexit also opened up possibilities for enhanced Indo-France commercial and business ties. The UK is a major trading partner for India and a substantial portion of Indian FDI into the EU has tended to go to UK. A major factor that favoured strong Indian investments in the UK was the access that the UK offered to the European zone and to the common European market.

Due to Brexit, Indian overseas investors are looking to set up presence in other European countries such as France to address the common European market. Indian companies could explore France as an alternative trade and investment destination that would provide free movement (both for goods and services) in the common European market.

Greater understanding between businesses of both sides can shape a more robust and mutually beneficial economic engagement.

CII has brought out the present report to offer a background of the strategic and macroeconomic context for closer engagement and the current contours of the trade and investment relationship. The report has four primary features that serve to inform investors and businesses about taking a deeper analysis of the possible potential across sectors:

Identification of products that France can best source from India – This is carried out through a unique tool developed by CII that uses import and export data of the respective countries to determine which are the best fits. The list of these products is given at the 6-digit HS code level.

The exercise also includes identifying products that France can best source from India for its global value chain participation.

Sectors of investment opportunity – Key sectors are outlined, giving India's strengths where French businesses can best consider investments. These include sectors where there is potential for expansion as well as emerging sectors that can benefit from cooperation.

Investment procedures – The report presents in one place the various procedures for business regulations, corporate taxation and other relevant operational guidelines for investments in India.

Investment climate in select Indian states – The incentives and policies in certain Indian states have been outlined to enable French businesses to consider the best destinations as per their sectors.

Strategic Bilateral Context

In 1998, India and France formally entered into a bilateral ‘Strategic Partnership’, the first such elevation of a bilateral relationship that India signed with any country. The understanding reached 22 years ago between India and an advanced industrial economy such as France was far reaching in its scope and future ambition.

The two sides have held regular, high level interactions with the latest being the State Visit of President Emmanuel Macron from March 10-12, 2018 to New Delhi, Agra, Mirzapur and Varanasi. This visit was particularly important since it also featured the inaugural conference of the International Solar Alliance which was launched jointly by India and France to give a boost to solar power in various countries. President Macron’s visit to a 100 MW solar park in Mirzapur, built by the French firm Engie symbolized bilateral cooperation in renewable energy.

Wide ranging discussions were held between the two sides during a visit by Prime Minister Narendra Modi to France for a bilateral summit in August 2019 as well as the G-7 meeting in Biarritz following the summit meeting.

Before this visit, Prime Minister Modi visited France in June 2017. Issues related to climate change and international terrorism featured prominently in discussions between the two leaders.

In addition to these formal one-on-one interactions, the two leaders have had several pull-aside meetings such as at the G-20 meeting in Osaka, Japan in June 2019, and at the G-20 summit in December 2018 in Buenos Aires, Argentina. PM Modi and President Macron also held telephonic discussions focusing on the response of each country to the Covid-19 pandemic.

Through these high-level exchanges and regular Ministry level engagements, both countries have built a wide ranging bilateral strategic and commercial agenda built around core areas of mutual interest. The India-France Administrative Economic and Trade Committee (AETC) provides the main framework to further promote bilateral trade and investment ties and also address market access issues of concern to both sides. New areas of cooperation have also been identified such as space exploration, maritime domain awareness, high performance computing and Artificial Intelligence and cybersecurity.

The two sides also continue to promote traditional pillars of cooperation such as on nuclear energy. France was the first country with which India signed a civil nuclear agreement. The conclusion of the Industrial Way Forward Agreement in 2018 for the construction of six nuclear power reactors in India took forward this program. Joint air exercises and enhanced interoperability to develop joint forces cooperation also remain priority agenda items in the defence sector.

In addition, tourism and hospitality, education exchanges, and cultural cooperation have also been hallmarks of the partnership.

On issues pertaining to international terrorism, maritime security, cyber security, nuclear non-proliferation and global challenges, there is significant overlap between the Indian and French perspectives. Both countries seek to maintain the sanctity of the multipolar world built on a foundation of stable institutions and respect for the rule of law.

France has also been an early supporter of India's accession to the UN Security Council and has backed India's membership to all four multilateral Export Control regimes – the Nuclear Suppliers Group (NSG), the Missile Technology Control Regime (MTCR), the Wassenaar Arrangement (WA) and the Australia Group (AG). Of these, only membership to the NSG is now pending, and for that as well, French support will remain critical.

Given the size of the Indian and French economies, the overall volume of bilateral trade remains low and could be greatly expanded.

France is the 9th largest foreign investor in India with a cumulative investment of US$ 7.10 billion from April 2000 to December 2019, representing about 1.55% of the total FDI inflows into India. The major sectors in India attracting FDI from France are services, cement & gypsum products, automobile industry, industrial machinery and drugs & pharmaceuticals. Indian FDI in France is pegged at about 1 billion Euros.

To boost trade and economic relations, the two countries have set up a Joint Economic Committee at the level of Ministers of Commerce from both sides with the last meeting held in Paris in October 2017. In addition, bilateral Joint Working Groups have been established in (i) IT & Telecommunications (ii) Roads (iii) Sustainable Urban Development (iv) Agriculture and Food Processing (v) Mineral Exploration and Development and (vi) Energy.

The India-France CEOs' Forum also meets annually at the level of top CEOs from both sides. The CEOs Forum provides actionable recommendations to the Indian and French governments to help remove bottlenecks that would further help enhance trade and investment ties while also laying out new avenues for business collaboration and economic growth.

The two countries have signed the Double Taxation Avoidance Convention (DTAC), and a Social Security Exemption Agreement (SSA). Other bilateral MoUs have been signed in sectors such as Intellectual Property Rights, tourism, renewable energy, skill development and entrepreneurship, and advanced computing. In addition, an exchange program has been running since 2008 under the VIE (Volontariat International en Enterprise) Scheme which allows young French interns/graduates to intern with French companies in India for a period of one year.

There is currently no formal trade agreement in place between India and France. The Bilateral Investment and Protection Agreement between the two countries expired in 2010 and has not been replaced yet.

Defence collaboration: Cooperation in the defence sector between the two countries goes back decades and a range of official mechanisms and dialogues has helped maintain a high level of communication and engagement. These include:

- An annual Defence Dialogue at the Ministerial level
- Joint Working Group on Counter-Terrorism
- Bilateral consultations on Disarmament, Non-Proliferation and Export Control
- Dialogue on Maritime Cooperation

In addition, the two countries hold regular defence exercises such as Exercise Shakti (Army), Exercise Varuna (Navy) and Exercise Garuda (Air Force). Indian companies in the defence sector have entered into joint cooperation agreements with major French companies like Dassault, SAFRAN, Thales and others, indicating robust commercial ties in this space.

Space Cooperation: India and France have had an exemplary history of space cooperation since the 1960s when India purchased licenses for the Centaure and Bélier launch complexes and also obtained French technical assistance for building the Sriharikota launch pad. The Indian Space Research Organisation (ISRO) and the French Space Agency, CNES have a storied history of collaboration and have carried on various joint research programmes and launch of satellites.

For the first time ever, during the visit of President Macron to India in March 2018, the two sides issued a "Joint Vision for Space Cooperation" which detailed concrete future cooperation in space. Some of the ongoing initiatives include:

- Joint development of the Megha-Tropiques satellite providing valuable scientific data.
- Launch of the Indo-French satellite "SARAL".
- Signifying continuing cooperation between ISRO and Arianespace, GSAT-11 was launched from Kourou (French Guyana) in December 2018; GSAT-30 was launched on January 16, 2020.
- There is ongoing cooperation with France in the training of medical support personnel for Indian astronauts, who will be part of India's manned space mission.
- An implementing arrangement between ISRO and CNES France for Joint Maritime Domain Awareness has also been signed.
- France continues to be a major supplier of components and equipment for the Indian space programme.

Civil Nuclear Cooperation: A landmark agreement on civil nuclear cooperation was signed between India and France on 30 September 2008. Under this framework, the French utility company EDF and NPCIL signed a (revised) MoU on 22 March 2016 for the construction of six EPR units at Jaitapur of 1650 MW each. Subsequently, NPCIL and EDF concluded an Industrial Way Forward Agreement leading to substantive discussions between the two sides to actualize and implement the project.

International Solar Alliance: India and France have jointly taken the initiative to establish the International Solar Alliance as a group of countries geographically placed to leverage solar energy for meeting their energy needs. The Alliance was announced by Prime Minister Modi and President Hollande in Paris at the 21st UN Climate Change Conference of the Parties (COP-21) in 2015 and had the participation of 120 countries. It has been signed and ratified by 66 Member Countries.

Takeaway

The India-France relationship is comprehensive in nature and scope and is built on the twin foundations of mutual respect and a shared strategic worldview. Strong cultural ties and robust cooperation on 21st century issues like climate change and renewable energy/sustainable development highlight the progressive orientation of the partnership which has helped solidify economic and trade ties.

Economic Context

Indian economy | French economy

India trade profile | France trade profile

India and France have had differing trajectories of economic growth and development. While India is an emerging economy, with rising GDP and income levels, France is an established developed economy with high per capita income levels. In terms of their growth pace, India has emerged as one of the fastest growing economies in the world, while France has experienced subdued growth in recent years and is recovering from the pandemic impact and the Russia-Ukraine war.

Economic complementarities between the two countries present several points of synergy that can be leveraged for greater growth in both nations. Stable working age populations in both nations, as well as rising GDP growth rate in India as compared to matured and stable GDP growth rate in France indicate that both countries could tap into each other's strengths. On the other hand, the projected gradual ageing of the French population over time will exert a downward pressure on the workforce. India's significantly large young demographic could thus be a major complement to the French economy.

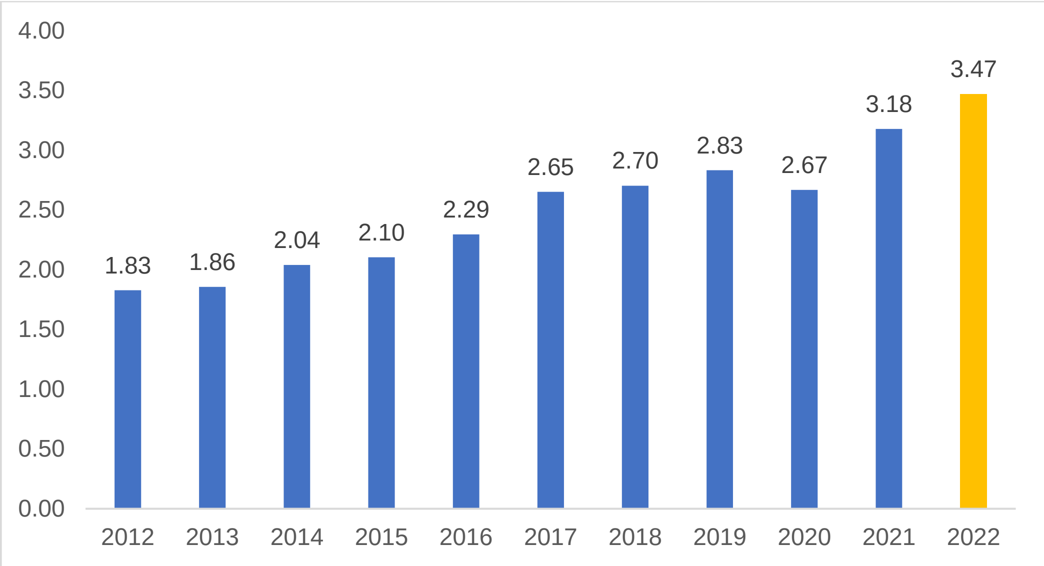
Indian economy

India's ascent to one of the fastest growing major economies in last decade or so has been rapid. Its nominal GDP has risen at a sharp pace from US$ 1.24 trillion in 2007 to US$ 3.18 trillion in 2021 and US$ 3.47 trillion in 2022. With a target of reaching US$ 5 trillion by 2025, India continues to remain an attractive investment destination.

According to the International Monetary Fund (IMF), India is projected to grow strongly at the rate of 6.1% during 2023. By 2026, the IMF expects the country to touch close to $5 trillion economic size, with per capita income growing by about 50% from the level in 2021.

A strong agenda of economic reform policies that has been instituted, including implementation of Goods and Services Tax (GST), Insolvency and Bankruptcy Code, and liberalization of FDI norms, among others, has hastened India's climb up the economic ladder by opening many new avenues for investment. India is today positioned as a large and growing market, a favored investment destination and a focal point for the global economy.

Chart 1: India's Nominal GDP (US$ trillion)



Source: World Economic Outlook, October 2022

Owing to the many reforms taken by the Indian Government to further simplify and liberalize the FDI framework, India has emerged as a preferred investment globally. 21. The country received significant FDI flows even amidst the pandemic and FDI flows increased by 23% post Covid[1], from US$ 74.4 billion in 2019-20 to US$ 82 billion in 2020-21. Despite other global developments, India received the highest annual FDI inflows of US$ 84.84 billion in FY 2021-22[2].

As per the UNCTAD World Investment Report (WIR) 2022, India improved its rank to 7th as one of the top 20 host economies for 2021[3].

To attract investments, Ease of Doing Business has been taken up in mission mode through initiatives by the central and state governments for faster and simpler procedures and clearances. As a result, India's EODB rank as per the World Bank index improved significantly from 134 in 2014 to 63 in 2019.

[1] https://pib.gov.in/PressReleasePage.aspx?PRID=1826946

[2] https://pib.gov.in/PressReleasePage.aspx?PRID=1845719

[3] https://unctad.org/system/files/official-document/wir2022_en.pdf

Chart 2: India's Share and Rank in Global FDI Flow

Source: UNCTAD Global Investment Report 2022

Cumulative stimulus announced by the government and the central bank during 2020 for mitigating the impact of the pandemic was worth INR 29.87 trillion or around 15% of GDP. It was one of the largest packages globally and has played a key role in resuscitating the Indian economy.

Recent reforms

Key policy measures announced include the below.

Infrastructure

India is prioritising infrastructure development at a fast pace to meet the existing gaps. The government has instituted a National Infrastructure Pipeline of identified projects totaling capital expenditure of US$1.9 trillion for 2020-2025, which includes almost 9,400 projects. The projects cover 7 key sectors of transport, energy, logistics, water and sanitation, communication, social infrastructure and commercial infrastructure.

The private sector has a large role to play in this initiative, with 21% of investments slated to be sourced from here. The increased thrust on infrastructure is expected to have a multiplier impact on the different sectors of the economy and augment growth beyond the current recovery.

In 2021, India launched the asset monetisation pipeline, 'National Monetisation Pipeline' (NMP) to divest assets of Central ministries and public sector entities. The pipeline has been developed with an estimated aggregate monetisation potential of US$ 77.5 billion over a four-year period, from FY 2022-FY 2025. The NMP aims to provide universal access to high quality and affordable infrastructure to common citizens of India by tapping private sector investment for new infrastructure creation.

In October 2021, Prime Minister Narendra Modi announced the Gati Shakti Master Plan, a Rs 100 trillion master plan for multimodal connectivity, with the goal of developing infrastructure to lower logistics costs and improve the economy.

Taxation

The Indian Government introduced the Goods and Services Tax (GST) in 2017 to bring all indirect taxation under a single umbrella. This subsumed the earlier regime of multiple taxes applicable across different states on the same products. A consumption based tax, GST reduces compliance costs, places all tax authorities and businesses on the same digital platform and averts tax cascading.

On direct tax side, tax incentives are provided for investments in certain sectors, R&D, export promotion, and startups. Moreover, the corporate tax rate for Indian resident companies has been cut from 35% to 22% and for new manufacturing companies, to 15%, provided the company does not avail of tax exemptions.

Disinvestment and privatisation

A new Public Sector Enterprise (PSE) policy was announced in February 2021 wherein central public sector enterprises have been classified into strategic and non-strategic sectors. Central PSEs in the strategic sectors would be kept to a minimum number with most being put up for privatization, mergers or closures. All central PSEs in non-strategic sectors will be considered for privatization or closure, which is truly a game-changing reform. With the disinvestment of flagship carrier Air India, the privatization process has received an impetus.

Power sector

The Government has taken key steps to revitalize the power sector, which currently has high debt overhang in state distribution companies. A substantial fund facility would help to alleviate this. Further, the reform of the distribution companies has been linked to state borrowing limit enhancement.

Coal and mining sector liberalisation

To reduce dependency on import of coal and increase self-reliance in coal production, the Central Government proposes to allow private players in the coal sector, and plans to introduce competition, transparency and private sector participation in the coal sector through a revenue sharing mechanism. The government has also allocated funds for coal evacuation infrastructure to encourage private sector participation.

The distinction between captive and non-captive mines is set to be removed to permit the transfer of mining leases and sale of excess unused minerals. This is a very welcome step which is expected to cause better efficiency in mining and production. Further, the government has also planned to introduce a seamless composite exploration-cum-mining-cum-production regime for minerals. Also, to enhance the competitiveness of the aluminum sector, the Central Government would conduct joint auctions of bauxite and coal mineral blocks.

FDI

India is one of the most open economies for FDI in the world with most sectors open to 100% under the automatic route. The Government is continuously working on making the FDI policy facilitative and congenial.

- 100 per cent FDI under the automatic route has been allowed in coal mining for open sale (as well as in developing allied infrastructure like washeries).
- FDI norms in several sectors, including non-banking financial companies, single brand retail and construction have been relaxed.
- One hundred per cent FDI under the automatic route has also been allowed in contract manufacturing and in single brand retail.
- 26% FDI has been permitted under government route for uploading/ streaming of News & Current Affairs through Digital Media, on the lines of print media.
- FDI in defence production has been enhanced from 49% to 74% under the automatic route and up to 100% for specific cases.
- FDI in the insurance sector is permitted at 74% from earlier level of 49%.

Development Finance Institution

To provide long term capital for infrastructure needs, a development finance institution has been established where the government provides seed capital with funds from other sources including foreign institutions. It is expected to raise finance of almost US$ 70 billion through this process. The National Bank for Financing Infrastructure and Development (NaBFID) with an equity capital of INR 200 billion *(~USD 2.6 billion)*, and an additional commitment of infusing INR 50 billion *(~USD 650 million)* capital in 2022 offers long term patient capital to the infrastructure sector.

Land bank

Government has launched a first-of-its kind GIS-enabled national land bank portal, which will help investors zero in on land located in various states for potential projects. Close to 500,000 hectares of land are mapped across 3,275 industrial clusters in India, of which about a quarter is demarcated for investors.

Production linked incentive (PLI) scheme

To catalyze investments in key sectors, a policy of production linked incentives has been announced for 14 sectors of which the first 3 were mobile phones, key starting materials and active pharmaceutical ingredients and medical devices. The other sectors are - advance cell chemistry battery, electronic/technology products, automobiles & auto components, pharmaceuticals drugs, telecom & networking products, textile products, food products, high efficiency solar pv modules, white goods (air conditioner and LED), specialty steel and drones.

Over 5 years, the PLI scheme proposes to offer benefits of Rs 2 trillion or about US$ 30 billion through an incentive of 4-6% on additional production over a base year.

Ease of Doing Business

Improving ease of doing business has been a high priority area for India. Some of the more recent major interventions include

- The National Single Window System is a digital platform which helps investors identify applicable approvals and make applications for the same. The Know Your Approvals (KYA) module supports information across 32 Central Departments and 16 States. The portal also hosts applications for approvals from 21 Central Departments and 14 State Governments and is expected to widen its ambit progressively to embrace the entire process of Government / industry interface over the next couple of years.

- The Government has launched the India Industrial Land Bank (IILB) a GIS-based portal which is a one-stop repository of all industrial infrastructure-related information, connectivity, infra, natural resources & terrain, plot-level information on vacant plots etc. The system has been integrated with industry-based GIS systems of many states to have details on the portal updated on a real-time basis.
- The annual Business Reform Action Plan (BRAP), which ranks states based on business reforms, has led to visible success in improving ease of doing business across states.
- 1,486 Union laws have been repealed. The Government is also working on de-criminalisation of business legislations, starting with the Companies Act and the Limited Liability Partnership Act.
- Measures such as faceless assessment and faceless appeals under income tax have been introduced to smoothen tax related processes.

Financial Sector Reforms

A robust financial sector is critical for financing growth in the real sector. Government of India has announced many bold reforms to strengthen the financial sector in India.

- Privatisation of two Public Sector Banks and one General Insurance Company has been announced and the government is in the process of making the appropriate legislative changes required to take this forward. This is an interesting investment opportunity for investors in the Indian financial sector.
- The FDI limit in insurance has been increased to 74%, providing attractive investment opportunities in the highly under penetrated insurance market in India.
- India's central bank, the Reserve Bank of India, is also looking at introducing the Digital Rupee.

Sustainability

India has made ambitious commitments at COP26 including achieving net zero by 2070, and policy making is moving to achieving these goals.

To promote electric vehicles, the Government is proposing a Battery Swapping Policy. The policy aims to encourage commoditisation of batteries and innovative business models for 'Battery as a Service'. This combined with the existing PLI for battery makes this sector an attractive investment opportunity in India.

Recently, the Government has announced the first phase of a Green Hydrogen policy incentivising production of green hydrogen.

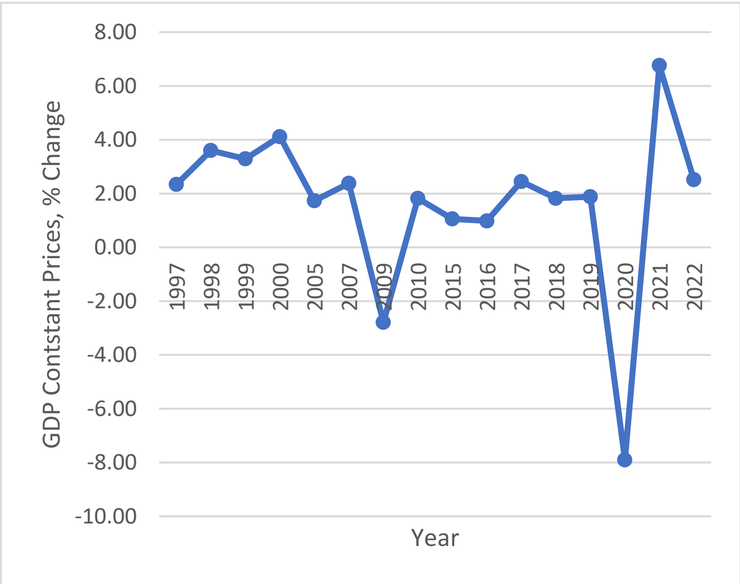
France economy

Owing to the pandemic and the Russia-Ukraine war, the French economy is facing the challenges of energy crisis and supplies. While the country reached 0.5% GDP growth rate for the second quarter of 2022, this was expected to decline and the central bank projected 2.6% growth for the year, with a decline in 2023.

MACROECONOMIC ENVIRONMENT

ECONOMIC INDICATORS	TRENDS ANALYSIS

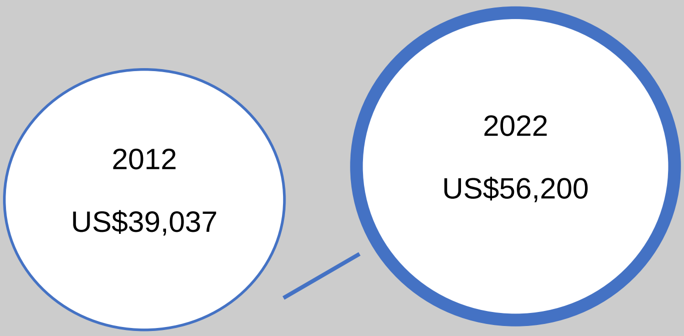
OVERALL GDP GROWTH



Source: IMF World Economic Outlook 2022

- The French economy has experienced stable economic growth rates, with its GDP growth rate hovering in the range of 1.1% in 2015 to 1.9% in 2019.
- This growth process was driven mainly by a private consumption, high levels of taxation and external trade.
- In 2020, owing to the various disruptions caused by the Coronavirus pandemic, France registered an economic contraction by (-) 7.9%.
- As per World Economic Outlook October 2022 estimates, the French economy is expected to grow at a rate of 2.5% in 2022

GDP PER CAPITA, US$ CURRENT PPP



Source: World Economic Outlook Database, October 2022

- France is a high-income economy with one of the highest levels of per capita GDP amongst OECD countries.
- The GDP per capita measured in current US$ increased by 1.4 times during the period 2012 to 2022, registering a CAGR of 3.7% during the period.

As a result of the energy challenges due to the Russia-Ukraine war, inflation has risen steeply in France, curtailing purchasing power in the country. Industry too is facing issues related to supply difficulties and rise in prices of finished goods with lower capacity utilisation. As wages are set to fall, the immediate term may see a recession in the country; however, on a long term basis, France is a large economy with a high trade integration.

India's Trade Profile

India's exports increased from US$ 292 billion in 2020-21 to around US$ 422 billion in 2021-22[4]. As of 2021-22, its two largest markets are North America and EU, accounting for around 20% and more than 15% of India's total exports' basket respectively. North America and EU are closely followed by the Northeast Asian countries at the third place, with a share of around 12%.

The West Asian region including the Gulf Cooperation Council (GCC) countries and the ASEAN also enjoy significant shares, at more than 10%.

The USA is India's top export partner in North America as well as in overall terms, in 2021-22, with total exports valued at US$ 76.11 billion and a share of 18.04% in India's total exports. The United Arab Emirates (UAE) is India's second largest export partner with total exports to the region valued at US$ 28.04 billion and a share of 6.64%.

China is India's largest export partner in the North-east Asian region, with total Indian exports to China valued at US$ 21.25 billion and a share of 5.04%.

In the EU, Netherlands (US$ 12.54 billion), Belgium (US$ 10.08 billion) and Germany (US$ 9.88 billion) are India's biggest export partners with shares of 2.97%, 2.39% and 2.34% respectively.

As an externally oriented economy with exports of goods and services comprising almost 19% of its GDP, India has entered into a multitude of free trade agreements since 1998. These include comprehensive agreements covering trade, investments and services trade with ASEAN, Japan, South Korea, Singapore and Malaysia. FTAs or preferential agreements are also instituted with Sri Lanka, Nepal, South Asian Association for Regional Cooperation (including 8 countries which are its neighbours), Africa, Chile, Argentina, MERCOSUR, and others.

Most recently India signed an Economic Cooperation and Trade Agreement (ECTA) with Australia on April 2, 2022. On February 18, 2022, India also signed a Comprehensive Economic Partnership Agreement (CEPA) with the United Arab Emirates (UAE), which will provide enhanced market access for India in both goods and services.

India's top exporting commodity during 2021-22 was mineral oil and fuels (HS 27), recording total exports worth US$ 27 billion. Other top exports were in the broad HS 2-digit level categories of gems and jewellery (HS 71); pharmaceutical products (HS 30); machinery and appliances (HS 84); organic chemicals (HS 29); and electrical machinery and equipment (HS 85), among others (Table 2).

Table 1: India's Top 10 Exports during 2021-22 (US$ billion)

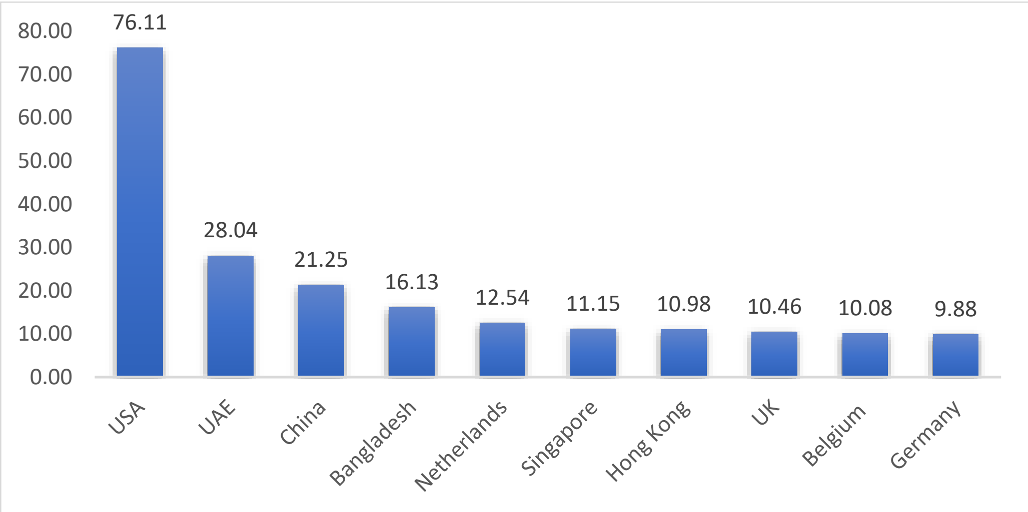
HS Code	Commodity	Exported Value (2021-22)
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	69.55
71	Natural or cultured pearls, precious or semiprecious stones, precious metals clad with precious metal and articles thereof; imitation jewellery; coin.	39.27
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	25.41

[4] https://tradestat.commerce.gov.in/eidb/default.asp

72	Iron and steel	22.91
29	Organic chemicals	22.05
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts.	20.18
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	19.76
30	Pharmaceutical products	19.41
10	Cereals	12.87
52	Cotton	10.79

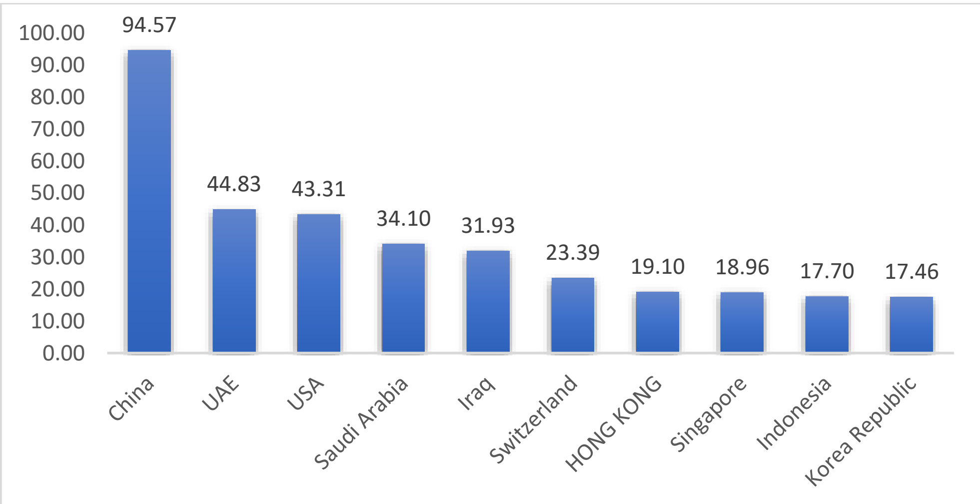
Source: Ministry of Commerce

Chart 3: India's Top Export Destinations in 2021-22 (US$ billion)



Source: Ministry of Commerce

Chart 4: India's Top Import Sources in 2021-22 (US$ billion)



Source: Ministry of Commerce

France's Trade Profile

France is a major trading nation, with a trade to GDP ratio of 62% in 2021. Its imports from the world reached a high of US$ 702 billion while its exports stood at US$ 569 billion in 2021.

Germany was France's top trading partner as of 2021, both in terms of exports and imports. Italy, Belgium and Spain are also among France's largest trading partners. The presence of 4 EU countries in its top 5 trading partners list shows France's participation in global value chains of the region.

Table: France's Top 5 Trading Partners

Export Partners	% Share	Import Partners	% Share
Germany	14.22	Germany	13.63
Italy	8.10	China	10.75
Belgium	7.71	Italy	7.76
Spain	7.56	Belgium	7.65
United States of America	7.26	Spain	7.07

Source: CII Calculations based on data from International Trade Centre

France's top exports show that it has a strong footprint in top globally traded items of machinery, vehicles, and electrical machinery. Its exports of pharma products and aircraft and as well as perfumes and wines are its particular specialty.

In 2021, France's top exports were in the categories of machinery and parts (HS 84); vehicles other than railway or tramway (HS 87); electrical machinery and equipment (HS 85); pharmaceutical products (HS 30) and aircraft, spacecraft and parts thereof (HS 88), among others.

Machinery and parts, the top export from France was valued at US$ 62.75 billion, followed by vehicles other than railway or tramway, valued at US$ 51 billion.

Table 5: France's Top 10 Exports in 2021

HS Code	Product Label	Exports (US$ billion)
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	62.75
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	50.83
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television . . .	45.01
30	Pharmaceutical products	39.10
88	Aircraft, spacecraft, and parts thereof	30.99
39	Plastics and articles thereof	25.55
22	Beverages, spirits and vinegar	22.33
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	22.01
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral . . .	18.83

HS Code	Product Label	Exports (US$ billion)
72	Iron and steel	18.04

Source: International Trade Centre

France's top imported items during 2021 were in the categories of machinery and parts (HS 84); vehicles other than railway or tramway (HS 87); mineral fuels and oils (HS 27); electrical machinery and equipment (HS 85) and pharmaceutical products (HS 30), among others.

Machinery and parts, France's top import in 2021, was valued at US$ 84.36 billion, followed by vehicles other than railway or tramway, valued at around US$ 76 billion.

Table 6: France's Top 10 Imports in 2021

HS Code	Product Label	Imports (US$ billion)
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	84.36
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	75.98
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral . . .	71.43
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television . . .	64.23
30	Pharmaceutical products	33.98
39	Plastics and articles thereof	29.27
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical . . .	23.31
29	Organic chemicals	16.54
72	Iron and steel	15.18
73	Articles of iron or steel	14.37

Source: International Trade Centre

Bilateral Trade Relations

Trends in Trade | Top Traded Items | Potential Export Items from India to France

This section seeks to provide a guide map to French companies that may be looking to source products from India. To this end, CII has prepared a special tool, using innovative techniques to identify Indian exports of high potential to France at the HS 6-digit level. As per this tool, 42 products have been highlighted that can be sourced effectively from India by France.

India-France Trade

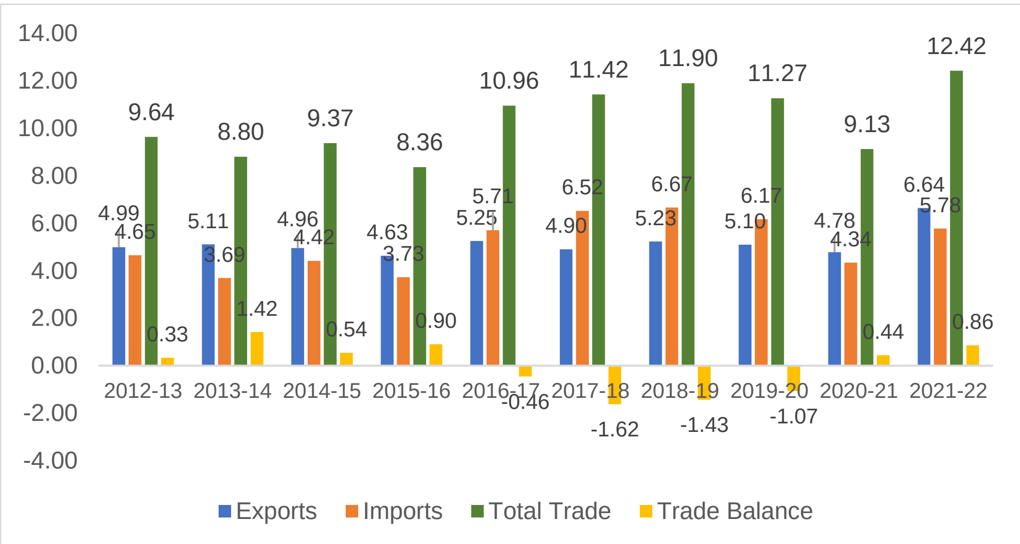
As per the data published by the Department of Commerce, France is India's 26th largest trading partner. Bilateral trade stood at US$ 12.42 billion during 2021-22.

Indian exports to France have registered some fluctuations over the last decade, i.e. between 2012-13 and 2021-22. During 2012-13, Indian exports to France were pegged at US$ 4.99 billion. During 2021-22, with recovery in international trade and the global economy, Indian exports increased to France stood at US$ 6.64 billion. During the ten years, between 2012 and 2022, Indian exports to France recorded a Compound Annual Growth Rate (CAGR) of 3.24%.

In terms of India's imports from France, volumes have tended to vary somewhat over the years. Indian imports from France stood at US$ 4.65 billion during 2012-13 and post the 2015-16 period, Indian imports from France have gone up steadily and stood at US$ 6.67 billion in 2018-19. Post the pandemic, Indian imports to France declined to US$ 4.34 billion in 2020-21, before increasing again to US$ 5.78 billion in 2021-22.

During the ten-year period, between 2012-13 and 2021-22, Indian imports from France registered a CAGR of 2.44%.

Graph 1: India-France Trade: Last 10 Years (US$ billion)



Source: CII calculations based on data from Ministry of Commerce and Industry

Up until 2015-2016, India's trade balance with France remained positive in favor of India. However, 2017 onwards, India's trade balance became negative and was pegged at (-) US$ 1.43 billion in 2019. Post 2019-20, India's trade balance with France improved on account of lower imports and high exports and stood at US$ 0.86 billion, in India's favour.

Top Exports and Import Items

India's top exports to France at the 2-digit HS code level during the 2021-22 period were in the categories of mineral fuels and products (HS 27); nuclear reactors and mechanical appliances and parts (HS 84); electrical machinery and equipment (HS 85); pharmaceutical products (HS 30); articles of apparel and clothing, not knitted/crocheted (HS 62); organic chemicals (HS 29) and articles of apparel and clothing accessories knitted or crocheted (HS 61), among others.

Total exports of the top product i.e. mineral fuels and products stood at US$ 0.81 billion, followed by nuclear reactors and mechanical appliances and parts at US$ 0.69 billion. Other top export items from India to France were in the categories of gems and jewellery (HS 71); aircraft and parts (HS 88), vehicles other than railway or tramway (HS 87), among others.

Table 8: Top 20 Indian Exports to France during 2021-22

HS Code	Commodity	Exports (US$ million)
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	812.29
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	692.96
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts.	683.96
30	Pharmaceutical products	413.43
62	Articles of apparel and clothing accessories not knitted or crocheted.	342.96
29	Organic chemicals	324.94
61	Articles of apparel and clothing accessories knitted or crocheted.	289.29
71	Natural or cultured pearls, precious or semiprecious stones, precious metals, clad with precious metal and articles thereof; imitation jewellery; coin.	240.31
90	Optical, photographic cinematographic measuring, checking precision, medical or surgical inst. and apparatus parts and accessories thereof;	224.3
88	Aircraft, spacecraft, and parts thereof.	198.35
42	Articles of leather, saddlery and harness; travel goods, handbags and similar cont. Articles of animal gut(other than silk-worm)gut.	192.19
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	190.59
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	182.11
73	Articles of iron or steel	157.18
94	Furniture: bedding, mattresses, mattress supports, cushions and similar stuffed furnishing; lamps and lighting fittings not elsewhere specified or inc	152.04
38	Miscellaneous chemical products.	151.38

HS Code	Commodity	Exports (US$ million)
64	Footwear, gaiters and the like; parts of such articles.	151.33
40	Rubber and articles thereof.	139.44
15	Animal or vegetable fats and oils and their cleavage products; pre. edible fats; animal or vegetable waxes.	109.96
23	Residues and waste from the food industries; prepared animal fodder.	98.69

Source: Export Import Data Bank, Ministry of Commerce

On the other hand, India's top imports from France were in the categories of aircraft and parts (HS 88); nuclear reactors and mechanical appliances and parts (HS 84); electrical machinery and parts (HS 85), organic chemicals (HS 29); and optical and photographic equipment (HS 90), among others.

The imports of aircrafts, spacecrafts and parts, the top imported product from France during 2021-22, stood at US$ 2.15 billion, followed by nuclear reactors and mechanical appliances and parts, valued at US$ 0.78 billion Other major imported items from France to India included plastics and articles thereof (HS 39); mineral fuels and oils (HS 27); pharmaceutical products (HS 30) and other miscellaneous chemical products (HS 38), among others.

Table 9: Top 20 Indian Imports from France during 2021-22

HS Code	Commodity	Imports (US$ million)
88	Aircraft, spacecraft, and parts thereof.	2146.36
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	775.69
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts.	611.31
29	Organic chemicals	263.19
90	Optical, photographic cinematographic measuring, checking precision, medical or surgical inst. And apparatus parts and accessories thereof;	245.65
39	Plastic and articles thereof.	227.79
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	164.37
30	Pharmaceutical products	126.78
38	Miscellaneous chemical products.	124.9
72	Iron and steel	122.43
40	Rubber and articles thereof.	75.18
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations.	64.59
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, or radi. Elem. Or of isotopes.	58.33
83	Miscellaneous articles of base metal.	57.86
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	56.42

HS Code	Commodity	Imports (US$ million)
73	Articles of iron or steel	54.84
76	Aluminium and articles thereof.	44.56
75	Nickel and articles thereof.	43.47
26	Ores, slag and ash.	41.03
74	Copper and articles thereof.	33.95

Source: Export Import Data Bank, Ministry of Commerce

Potential export items from India to France

India's top exports to the world overlap significantly with France's imports from the world. However, given that India is not a major source of imports for France, this suggests gaps in the trade partnership that could be potentially bridged. In sectors like machinery, organic chemicals, automobiles and auto parts and electronics, for example, imports from India are insignificant. This is also true for gems and jewelry and pharma products, two of India's largest exports globally.

France could explore the myriad possibilities of sourcing products from India for both domestic demand as well as for its own exports to the world. The analysis in the next section details the exact products at the 6-digit HS code level that France could source from India profitably.

A side by side comparison of India's bilateral trade with France along with France's top global exports and imports shows some gaps.

In France's top 10 exports to the world, there are a few items that do not figure in France's top exports to India. For example, France exports essential oils and resinoids; perfumery, cosmetic or toilet preparations (HS 33) worth about US$ 20.11 billion to the world and it exports beverages, spirits and vinegar (HS 22) worth about US$ 19.33 billion to the world. Such products have figured in the negotiations for the proposed India-EU FTA.

Similarly, as was mentioned in the previous section on India's exports profile, India's exports to France are a very small percentage of France's global imports in the same categories. Especially in products like pharmaceuticals, vehicles and auto parts, organic chemicals etc, where India exports competitively to various markets, the existing market share in France could potentially be ramped up.

Using data from the International Trade Centre (ITC), this paper employs the Export Specialization (ES) Index along with various other parameters to narrow down the top potential Indian exports to France, wherein the specific market characteristics of the partner country/market are also factored in. Details of the innovative methodology developed by CII are in the Annex.

The table below presents the top 5 Indian products of high potential to the French market. The full list of 42 identified products is included in the Annex.

Table 10: India's top potential exports to France

HS Code	Product Label	France's Imports from World (US$ billion)	ES Index
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	20.86	3.13
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	11.58	1.90
841112	Turbojets of a thrust > 25 kN	5.81	1.12
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	4.83	1.17
711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not ...	4.48	5.28

Takeaway

There are a wide range of untapped products from India that can meet France's sourcing needs in a variety of industries. India has developed global export competencies including in sectors catering to global value chains which can prove to be an invaluable component of the bilateral commercial engagement.

Annex - I

India's Potential Exports to France

Code	Product label	India's exports to world (US$ billion) 2018	France's imports from world (US$ billion) 2018	ES Index
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	32.00	20.86	3.13
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	10.74	11.58	1.90
841112	Turbojets of a thrust > 25 kN	3.17	5.81	1.12
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	2.76	4.83	1.17
711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not ...	11.57	4.48	5.28
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	14.74	2.39	12.63
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	1.79	1.57	2.32
230400	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting ...	0.88	1.16	1.56
740311	Copper, refined, in the form of cathodes and sections of cathodes	0.86	1.09	1.61
300220	Vaccines for human medicine	0.67	1.08	1.26
760120	Unwrought aluminium alloys	0.73	1.05	1.41
710239	Diamonds, worked, but not mounted or set (excluding industrial diamonds)	24.24	1.01	49.24
853890	Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537, ...	0.48	0.96	1.01
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	0.79	0.91	1.78
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	0.67	0.89	1.54
401120	New pneumatic tyres, of rubber, of a kind used for buses and lorries (excluding typres with ...	0.47	0.83	1.15

Code	Product label	India's exports to world (US$ billion) 2018	France's imports from world (US$ billion) 2018	ES Index
293339	Heterocyclic compounds with nitrogen hetero atom[s] only, containing an unfused pyridine ring, ...	0.53	0.82	1.32
380893	Herbicides, anti-sprouting products and plant-growth regulators (excluding goods of subheading ...	0.89	0.82	2.22
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	4.35	0.80	11.09
690721	Ceramic flags and paving, hearth or wall tiles, of a water absorption coefficient by weight ...	0.53	0.76	1.42
390210	Polypropylene, in primary forms	0.86	0.71	2.48
640391	Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather, ...	0.84	0.71	2.43
294190	Antibiotics (excluding penicillin’s and their derivatives with a penicillanic acid structure, ...	0.53	0.70	1.54
380892	Fungicides (excluding goods of subheading 3808.50)	0.59	0.69	1.74
841391	Parts of pumps for liquids, n.e.s.	0.36	0.68	1.08
090111	Coffee (excluding roasted and decaffeinated)	0.52	0.60	1.76
390761	Polyethylene terephthalate", in primary forms, having a viscosity number of >= 78 ml/g	1.05	0.59	3.61
841490	Parts of air or vacuum pumps, air or other gas compressors, fans and ventilating or recycling ...	0.34	0.59	1.17
840890	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine" (excluding ...	0.61	0.57	2.20
620640	Women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excluding knitted or ...	0.58	0.56	2.12
620520	Men's or boys' shirts of cotton (excluding knitted or crocheted, nightshirts, singlets and ...	0.79	0.54	3.00
300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal ...	1.00	0.53	3.86
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	0.48	0.53	1.83

Code	Product label	India's exports to world (US$ billion) 2018	France's imports from world (US$ billion) 2018	ES Index
293499	Nucleic acids and their salts, whether or not chemically defined; heterocyclic compounds (excluding ...	0.49	0.52	1.93
260112	Agglomerated iron ores and concentrates (excluding roasted iron pyrites)	0.89	0.51	3.57
848190	Parts of valves and similar articles for pipes, boiler shells, tanks, vats or the like, n.e.s.	0.42	0.47	1.81
620443	Women's or girls' dresses of synthetic fibres (excluding knitted or crocheted and petticoats)	0.57	0.47	2.48
848340	Gears and gearing for machinery (excluding toothed wheels, chain sprockets and other transmission ...	0.43	0.47	1.88
392020	Plates, sheets, film, foil and strip, of non-cellular polymers of ethylene, not reinforced, ...	0.29	0.47	1.27
611120	Babies' garments and clothing accessories of cotton, knitted or crocheted (excluding hats)	0.64	0.46	2.84
281820	Aluminium oxide (excluding artificial corundum)	0.69	0.40	3.53
293399	Heterocyclic compounds with nitrogen hetero atom[s] only (excluding those containing an unfused ...	0.77	0.39	4.02
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	6.88	0.38	36.54
420231	Wallets, purses, key-pouches, cigarette-cases, tobacco-pouches and similar articles carried ...	0.48	0.38	2.56
720839	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...	0.83	0.37	4.52
610510	Men's or boys' shirts of cotton, knitted or crocheted (excluding nightshirts, T-shirts, singlets ...	0.40	0.37	2.19
848310	Transmission shafts, incl. cam shafts and crank shafts, and cranks	0.34	0.36	1.90
760110	Aluminium, not alloyed, unwrought	3.05	0.36	17.26
710391	Rubies, sapphires and emeralds, worked, whether or not graded, but not strung, mounted or set, ...	0.25	0.36	1.45
380891	Insecticides (excluding goods of subheading 3808.50)	0.95	0.35	5.51

Code	Product label	India's exports to world (US$ billion) 2018	France's imports from world (US$ billion) 2018	ES Index
730630	Tubes, pipes and hollow profiles, welded, of circular cross-section, of iron or non-alloy steel ...	0.26	0.34	1.53
940490	Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ...	0.44	0.33	2.70
020230	Frozen, boneless meat of bovine animals	3.32	0.33	20.58
871410	Parts and accessories of motorcycles, incl. mopeds, n.e.s.	0.33	0.33	2.08
640351	Footwear with outer soles and uppers of leather, covering the ankle (excluding incorporating ...	0.47	0.30	3.19
720851	Flat-rolled products of iron or non-alloy steel, of a width >= 600 mm, not in coils, simply ...	0.25	0.30	1.73
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	0.29	0.27	2.15
420310	Articles of apparel, of leather or composition leather (excluding clothing accessories, footwear ...	0.49	0.27	3.65
401170	New pneumatic tyres, of rubber, of a kind used on agricultural or forestry vehicles and machines	0.69	0.27	5.29
621143	Women's or girls' tracksuits and other garments, n.e.s. of man-made fibres (excluding knitted ...	0.61	0.27	4.65
392329	Sacks and bags, incl. cones, of plastics (excluding those of polymers of ethylene)	0.34	0.26	2.66
620630	Women's or girls' blouses, shirts and shirt-blouses of cotton (excluding knitted or crocheted ...	0.57	0.26	4.42
711311	Articles of jewellery and parts thereof, of silver, whether or not plated or clad with other ...	0.82	0.26	6.45

Annex – II

Data and methodology for identifying potential goods to be sourced from India

CII has developed a unique methodology that brings out the products of high potential that can be exchanged between two specific countries based on their respective strengths. This is tailored to India's partner countries to identify the items.

While conventional measures such as the Revealed Comparative Index (RCA), frequently used in trade and international economics to assess a country's export potential, have been employed in various studies to identify products with high competitiveness, the CII report employs the Export Specialisation Index (ESI), a slightly modified version of the RCA index to identify products for specific markets and partners. This index while assessing export potential, also considers market specific characteristics rather than world export shares (as used in the RCA), which is useful to identify products relevant to specific markets.

As per WITS, the ES index is calculated as the ratio of the share of a product in a country's total exports to the share of this product in imports to specific markets or partners rather than its share in world exports:

$ES = (x_{ij}/X_{it}) / (m_{kj}/M_{kt})$

Where x_{ij} and X_{it} are export values of country i in product j, respectively, and where m_{kj} and M_{kt} are the import values of product j in market k and total imports in market k.

In other words, the numerator is the ratio of a country's total exports of a specific commodity to the country's total exports while the denominator is the ratio of the partner country's imports of the commodity to the partner country's total imports. While the numerator, like the RCA index captures the country's share of a specific commodity in its export's basket, the denominator in the ES index captures the partner country's share of the commodity under consideration in its import basket, unlike the world shares in the RCA index. This throws light on the relevance of a particular commodity in a specific market which is an important criterion for understanding potential exports to specific markets.

The ESI is similar to the RCA in that the value of the index less than unity indicates a comparative disadvantage and a value above unity represents specialization or comparative advantage of the product under consideration.

The CII report uses exports and related data from ITC at the HS 6-digit level to identify Indian exports with high potential to France. Expanding production of the identified products are likely to further enhance India-France trade.

Data on the following variables, required for the construction of the ES index have been sourced from ITC at the HS 6-digit level, for the latest available year i.e. 2018.

(i) India's exports to world (ii) France's imports from world (iii) India's total exports and (iv) France's total imports.

After collecting data on the variables above, products for which France's world imports and India's world exports exceed US$ 250 million are identified, while rest are excluded. This is done to ensure that there is substantial demand for the product in the partner country (France) as well as adequate production capability in the exporting country (India).

In the next step, the ES index is calculated for all the remaining products. All products for which the value of the index is less than 1 are excluded, as an index value less than 1 indicates a comparative disadvantage of the product in the market.

At the end of the exercise, a total of 64 products remain for which the index value is greater than 1, indicating specialization or comparative advantage of these products in the specific market.

To make the results even more precise, an additional filter is applied to the remaining products for identifying the final list of potential exports, wherein only those potential exports products are considered for which French imports are greater than US$ 500 million. This leads to a total of 42 products which are considered as high potential exports.

The final products are sorted as per France's import values. The top 5 products with high import values along with the ES index are classified as top performers in the French market, while the rest are classified as products with high export potential.

Partnerships in Global Value Chains

France has been a major contributor to GVC intensification. In the previous section, the analysis highlighted potential sectors and products where France can ramp up sourcing from India – these are areas where the business and investment climate is also very conducive for FDI.

In this chapter, the analysis seeks to shed light on the possibility of Indio-French collaboration in terms of integration with global value chains. Many of the Indian exports with high potential identified in this report belong to the intermediate inputs category, as against the consumption category. Therefore, French investments and sourcing activity in these specific sectors in India could provide not only diversity in import sources from a reliable partner for French producers but would also in turn aid French exports to the world.

The analysis is carried out through a unique methodology developed by CII with a multi-step process that throws up the key products for India's global value chain participation partnerships with France.

The ultimate result of such enhanced ties would be to bring India and France in closer GVC cooperation as Indian and French firms plug into value addition at different points. Such close business linkages would beget further trade and investment as familiarity and comfort between the businesses in both countries grows. France has a high volume of international exposure in its economy and is well integrated with value chains spread across Europe as well as North America and Asia.

Sourcing from India, investing in India and inviting Indian firms to act as intermediary suppliers along various value chains would certainly lead to enhanced commercial ties and would sharpen the competitive advantage offered by each in the international marketplace. In a post-Covid world, India and France have the opportunity to solidify ties as first movers in re-shaping existing global supply chains – this unique window of opportunity must not be missed.

Methodology: Identifying potential sectors for French Investments and GVC Integration

In determining the potential export sectors for where French companies could stand to benefit by investing in India and where firms from both countries could look at GVC integration, France's top imports and top Indian exports are analysed with the aim of determining the volume of demand in France as well as current Indian export and production capacity for these specific commodities.

The top ten Indian exports and top ten French imports at the 2-digit HS code level are first matched to arrive at the common and over-lapping categories of products, as these present potential synergies in demand and supply between India and France. These products are then mapped with the potential Indian exports identified in the previous section of this paper at the 6-digit HS code level (See Table in Annex - I).

This comparison brings up five categories at the 2-digit HS code level which figure prominently amongst French imports and where India has existing high export capacity. The categories include nuclear reactors and mechanical appliances and parts (HS 84); electrical machinery and equipment

(HS 85); pharmaceutical products (HS 30); vehicles and parts (HS 87); and organic chemicals (HS 29).

One other product, Plastics and articles thereof (HS 39) is also included since it shows up as one of the items of potential Indian export in the 6-digit analysis conducted previously and is also a major import and export item for France globally.

These products are reflected in both, France's top imports as well as exports, indicating significant integration with value chains in these sectors.

In the next step, the high potential Indian exports identified in this paper at the 6-digit HS code level are contrasted with the above categories of products at the 2-digit HS code level.

At this level of analysis, only intermediate categories are considered[5], and products intended for final consumption are excluded – for example, apparel and garments (HS HS 62) are excluded, even it figures in the top 10 French imports and is already a major export from India to France. Additionally, categories such as mineral oils (HS 27) are excluded as it appears to be a less important commodity within France's top 10 exports as compared to others.

Table 11 lists the final Indian products at the 6-digit level arrived at after the several layers of filtering described above – these are products and sectors that are ripe for investments from France and where French and Indian companies could potentially collaborate with each other to integrate into the global value chains – either in existing ones or as we envisage new configurations moving forward.

Table 11: Potential Products for French Investments and GVC Integration in India

HS Code (2 digit)	HS Code (6 digit)	Product label
29	293399	Heterocyclic compounds with nitrogen hetero-atom[s] only (excluding those containing an unfused ...
29	293359	Heterocyclic compounds with nitrogen hetero-atom[s] only, containing a pyrimidine ring, whether ...
29	293339	Heterocyclic compounds with nitrogen hetero-atom[s] only, containing an unfused pyridine ring, ...
30	300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...
39	390761	Poly"ethylene terephthalate", in primary forms, having a viscosity number of >= 78 ml/g
39	392062	Plates, sheets, film, foil and strip, of non-cellular poly"ethylene terephthalate", not reinforced, ...
84	841112	Turbojets of a thrust > 25 kN

[5] This is done using the UN's Broad Economic Category (BEC) classification: https://unstats.un.org/unsd/trade/classifications/bec.asp#documents

HS Code (2 digit)	HS Code (6 digit)	Product label
84	848180	Appliances for pipes, boiler shells, tanks, vats or the like (excluding pressure-reducing valves, ...
84	840999	Parts suitable for use solely or principally with compression-ignition internal combustion ...
84	848190	Parts of valves and similar articles for pipes, boiler shells, tanks, vats or the like, n.e.s.
84	841480	Air pumps, air or other gas compressors and ventilating or recycling hoods incorporating a ...
84	848340	Gears and gearing for machinery (excluding toothed wheels, chain sprockets and other transmission ...
85	853890	Parts suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537, ...
85	850300	Parts suitable for use solely or principally with electric motors and generators, electric ...
87	870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...
87	870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...
87	870830	Brakes and servo-brakes and their parts, for tractors, motor vehicles for the transport of ...
87	870321	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...

Source: CII analysis based on ITC data

Bilateral Investments

Investment climate in India | Investment climate in France | Sectors of potential

The business and investment climates in both India and France are equipped and conducive for enhanced two-way investment flows. France is a major global outward investor; India, on the other hand, is a favoured destination for FDI, garnering over US$ 85 billion worth of inward flows in 2021-22. With India's continued development progress and steadily improving business and investment climate, it could emerge as a hotspot for French outward FDI.

Investment Climate in India

India's FDI policy regime and business environment are rapidly improving, ensuring strong foreign capital inflows into the country. The government has taken many initiatives in recent years such as relaxing FDI norms across sectors such as defence, insurance, public sector oil refineries, telecom, power exchanges, coal mining, contract manufacturing, single brand retail, construction, and stock exchanges, among others.

According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDI inflows in India stood at nearly US$ 303 billion in the period 2018-19 to 2021-22, rising steadily from US$ 62 billion to US$ 85 billion.[6] This reiterates the impact of the India's growing markets and reform exercise.

In 2021-22, the services sector attracted the highest FDI equity inflow, followed by computer software and hardware at US$ 14.4 billion, telecommunications sector and trading.

In terms of cumulative FDI equity inflows, the services sector is by far the largest recipient with about US$ 97 billion or 16% of the total inflows between April 2000 and March 2022.

India compares with other emerging economies on global rankings on Ease of Doing Business, Corruption Perceptions Index, and Logistics Performance Index. As a large and populous country, it is also improving its human development index as per the UNDP Human Development Index report.

Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India.

The Government launched the Make in India initiative with an aim to boost the manufacturing sector of Indian economy, to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors. Special packages have been announced for specific sectors which are outlined later.

Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital

[6] https://pib.gov.in/PressReleasePage.aspx?PRID=1826946

literacy. Taking into account hardware manufacturing, startups and government services, the digital economy of India is targeted at US$ 1 trillion.

Investment Climate in France [7]

With a GDP of US$ 2.8 trillion at current prices in 2022, France is the world's seventh-largest economy after the United States, China, Japan, Germany, India and United Kingdom. It is also Europe's second-largest market with over 67 million consumers. France is home to 29 of the world's 500 leading businesses. The French economy goes beyond the well-known economic sectors of luxury goods and agrifood and also has strong banking and insurance sectors as well as energy and automotive industries. It is one of the largest destinations for foreign tourism in the world.

In 2020 France remained the leading FDI destination in Europe, ahead of UK and Germany, as per a recent 2021 Ernst & Young Attractiveness Survey for France. In a context of strong competition to maintain investor confidence, France narrowly held its leading position.

The French economy is diversified across all sectors. The government has partially or fully privatized many large companies, including Air France, France Telecom, Renault, and Thales. However, the government maintains a strong presence in some sectors, particularly power, public transport, and defense industries. France's leaders remain committed to a capitalism in which they maintain social equity by means of laws, tax policies, and social spending that mitigate economic inequality.

French Investments in India

France has emerged as a major source of FDI for India with more than 1,000 French establishments present in India. France is the 11th largest foreign investor in India with a cumulative investment of USD 10.06 billion from April 2000 to December 2021 which represents 1.76% of the total FDI inflows into India according to statistics provided by the DIPP.

The highest FDI equity inflows are in the services sector (18.57%), with cement & gypsum products (9.66%) in the second place, followed by air transport (including air freight) (7.91%), miscellaneous industries (7.40%) and petroleum & natural gas (7.40%).

Most big French groups have their subsidiaries in India. There are also a few joint ventures and liaison offices of French companies in India. 39 of the 40 CAC 40 (French Stock Market Index) companies are present in India. Around 50-70 SMEs are also present in India essentially in the mechanical and pharma-chemical sectors.

French companies are present in a wide range of sectors: services (BNP Paribas, Capgemini, Havas, Sodexo, etc.); pharmaceutical-chemical (Arkema, L'Oréal, Sanofi, Total, etc.); aerospace (Airbus, Dassault, Eurocopter, Safran, Thales, etc.); agro-food (Bongrain, Danone, Lactalis, Lesaffre, Pernod Ricard, etc.); electronics (Crouzet, Gemalto, Oberthur, Safran, STMicroelectronics, etc.); construction mechanics (Alstom, Cermex, Legris Group, Poclain, Sidel, etc.); electrical

[7] https://www.diplomatie.gouv.fr/en/french-foreign-policy/economic-diplomacy-foreign-trade/entrepreneurship-and-investing-in-france/

components (Hager, Legrand, Schneider Electric, etc.); automobile (Faurecia, Michelin, Plastic Omnium, Renault, Valeo, etc.).

French investments cleared in 2021 and 2022 include amongst others Edifixio (technological services), Ceva Santé Animale (pharmaceutical products & vaccines) and Worldline (transaction processing services).

In terms of foreign investment inflows from France, services account for the maximum equity inflow. Major French banks such as Société Générale, BNP Paribas and CA CIB operate across India. Ingenico, digital security providers Gemalto and Oberthur Technologies are some of the other French service providers present in the country.

As per data derived from fdimarkets.com, between January 2003 and January 2020 French companies announced investments of US$ 28.32 billion and created a total of 145,967 jobs in India.

Indian Investments in France

According to the 'Business France Annual Report 2020', a public operator supporting French investors in India and Indian investors in France, there were around 200 subsidiaries of Indian businesses established in France, where they employed more than 6,000 people.

Among Indian investments in 2020, three were in IT services, while the pharmaceuticals/biotechnologies and hospitality sectors were each responsible for two projects. Location-wise, Indian businesses invested primarily in the Paris region and the Auvergne-Rhône-Alpes region (both three projects), with the remaining projects split between the Provence-Alpes-Côte d'Azur region (two projects) and the Nouvelle-Aquitaine region (one project).

Sectors of Potential

While India and France have existing collaborations across a number of important sectors such as space, nuclear, defence, aerospace and marine security, certain other promising industries that offer opportunities for French investment in India are mentioned below.

a. *Defence and Aerospace*

With 5,000 companies and 400,000 jobs in the defence sector, French industry accounts for over 25% of European capabilities. Some of the major defence industry players include Dassault Aviation, Naval Group, Airbus Group, MBDA, Nexter, Safran and Thales.[8]

India, the world's largest defence importer nation, is a major buyer of defence equipment from France. This relationship needs to evolve into one of co-development in areas such as defence manufacturing and aviation technology, especially given the fact that FDI limits in this sector have been relaxed to 74% and the Government of India is keen to expand domestic defence production with the participation of overseas firms. Some of the areas that can be considered

[8] https://www.diplomatie.gouv.fr/en/french-foreign-policy/economic-diplomacy-foreign-trade/supporting-french-businesses-abroad/strategic-sector-support/defence-industries-and/

for co-development or licensed production are aero-platforms and systems (avionics, aircraft manufacture, radar equipment), advanced ship-building technologies, and submarines, among others.

French industry is also looking at collaborations to modernise India's shipyards and defence platforms through the infusion of technology. Industry players are looking to make India a base for production of defence equipment, not only for India's large market but also for export to other countries.

French companies can bring in technologies to help enhance inter-operability among the Indian Air Force, the Navy and the Army which would be useful in a collaborative combat scenario. In addition, defence systems and technologies with advanced digital innovations and a focus on big data, artificial intelligence and cyber security are also of immense interest to India.

It is also important to look at ways to encourage French SMEs to invest in India – the opportunities are particularly ripe in the defence sector. Success stories of large-scale investments under the “Make in India“ programme, in the areas of aerospace, naval or land projects require the development of a fully capable and proven ecosystem of French and Indian SMEs as key players in the supply chains of sub-assemblies.

b. *Automobiles*

India is the second largest automobile market with the potential to generate up to US$ 300 billion in annual revenue by 2026. The vehicle component industry has emerged as a robust and high-quality sector, catering to original equipment manufacturers and tier-1 suppliers.

The Indian government encourages foreign investment in the sector by allowing 100 percent FDI under the automatic route. France’s imports of automotives from India are low, despite the fact that many French automakers have a presence in the country. India offers a strong suppliers’ base, encouraging international auto companies to leverage it for their global sourcing.

The top car manufacturing states in the country are Tamil Nadu, Maharashtra, Haryana and Delhi-NCR. The French carmaker group PSA, also known as Peugeot Citroen, has signed an agreement with the Tamil Nadu government to set up a research and development centre, as well as manufacturing facilities, in the state. Besides, several other important players in the French automobile industry have set up production centres in Tamil Nadu. These include automobile manufacturer Renault, parts producer Valeo and tire manufacturer Michelin.

c. *Electronics*

India’s booming electronics market is expected to more than double to reach US$ 300 billion in 2026. The growth is forecast based on growing customer base, trade pacts, government policies and increased penetration of consumer durables.

The Indian government’s thrust on using technology to improve delivery of its public services and the digital revolution has opened up opportunities for companies to develop and manufacture innovative products and solutions across the country. Initiatives like Make in India and Digital India have further pushed the sector ahead. In addition, the development of

Electronic Hardware technology parks, SEZs and proposed coastal economic zones have created a favorable climate for FDI in the industry.

In April 2020, India announced the Production Linked Incentive scheme for large scale electronics manufacturing. The products included in this are mobile phones, SMT components, discrete semiconductor devices, passive components, printed circuit boards, sensors and micro and nano components as well as assembly, testing, marking and packaging (ATMP) units. An incentive of 4% to 6% is offered on incremental sales of manufactured goods over the base year of 2019-20.

In addition, a scheme for electronics Manufacturing Clusters 2.0 and Scheme for Promotion of Manufacturing of Electronics Components and Semiconductors (SPECS) have also been introduced. These are expected to attract significant investments from across the world.

Several French electronics manufacturers have already set up operations in India. These include Crouzet, Gemalto, Safran, ST Microelectronics, and Schneider Electric that operates seven plants across the country.

d. *Chemicals*

India's chemicals industry is highly diversified and provides valuable chemicals for various end products such as textiles, paints and varnishes, paper, and leather. The industry is currently valued at around US$ 150 billion and is expected to reach US$ 300 billion by 2025.

Key drivers for success in the chemical sector include India's proximity to strong growth markets, improvements in the business environment and continued support from the government. To encourage investment in the sector, India's Ministry of Chemicals and Petrochemicals has set up four petroleum, chemicals and petrochemicals investment regions (PCPIRs) in Andhra Pradesh, Gujarat, Odisha, and Tamil Nadu.

The state incentives include the availability of adequate land, deregulated industry and promotion of 100 percent FDI, and opportunities for investment through PPP mode and in consortium with Indian partners, among others.

The French specialty chemical company Arkema currently operates five production sites in India– one each in Chennai, Gujarat, and Mumbai, and two in Bengaluru. Other French chemical companies in the Chennai region are ATC, Fiabila, and Charabot.

e. *Pharmaceuticals*

India is the world's third largest producer of drugs in terms of volume. The country's pharmaceutical industry has shown a double-digit growth in the last few years and is expected to reach US$ 65 billion by 2024 and US$ 120 billion in 2030. The sector is home to the largest number of USFDA approved facilities outside of the US. During the Covid-19 crisis, India effectively demonstrated its strengths across various healthcare segments and supplied medicines to many countries. It has also engaged in vaccine development, being the largest producer of vaccines in the world.

The key drivers of this growth are low costs, relatively high production quality, and regulatory conformity. There is also an increased local demand thanks to improved access to insurance, with around 650 million people set to benefit from coverage.

French pharmaceutical giant Sanofi has established a large presence in the country. Its production sites are located in Goa and Chennai. Other renowned French pharmaceutical companies with a presence in India include Boiron, a homeopathic medicine manufacturer, and Bioderma.

There is, however, much scope for more investments from French companies in India. Sanofi announced in February 2020 that it would create a stand-alone business focusing on Active Pharmaceutical Ingredients (API) leveraging its facilities in Europe. Such a collaboration with India in the future would be hugely beneficial for India, France and EU generally and help reduce the dependence on API on a single source market.

f. *Services*

India's service industry accounts for about 60 percent of the country's GDP, and approximately 16 percent of total foreign investment inflows. The industry offers opportunities for investment in a wide gamut of activities such as information technology, hospitality, trade and transport, financial services, real estate, and professional services. Digital payment services, too, have experienced an unprecedented jump, paving the way for large-scale investment prospects in the sector. In terms of foreign investment flow from France, services account for the maximum equity inflow.

Major French banks such as Société Général, BNP Paribas, and CA CIB operate across India. Ingenico, digital security providers Gemalto and Oberthur Technologies are some of the other French service providers present in the country.

Emerging Sectors of Cooperation

While the two countries are working together on several key projects in India, there is much more that the two countries can do together. Some of the potential areas are:

- **Sustainable Mobility**: The French Government has been involved in the development of this sector including the Kochi Metro Rail Corporation and Mumbai Metro networks. French companies RATP, Alstom and Thales are major foreign players in India's urban mobility and railway sectors. This resonates with France's overall strategy to grow its business footprint in India by developing local skills and talents and boosting exports from India. These initiatives could be extended to several Indian cities.
- **Electric Mobility**: France is the largest electric mobility market in Europe and could contribute to India's automotive programme with its cutting-edge technologies. French players could look at creating synergies with Indian companies through technical cooperation and partnerships.
- **Digital solutions**: Solutions relating to traffic management, citizen safety, utilities, smart waste management, smart street lighting and so on could be successfully deployed in Indian Smart City projects.

The French are world leaders in Air Traffic Management (ATM) and could partner India's booming civil aviation industry with their technology.

- **Infrastructure Sector:** French companies are invited to invest in Indian infrastructure development, especially in brownfield assets in sectors like roads, aviation, and power, by offering to them long-term steady returns. Investments could also be made in Indian Infrastructure Funds.
- **Cyber-Security:** French cyber technology companies have the expertise to identify the source of cyber-attacks, assess the offensive capacities of the potential adversaries, and counter them. This is an emerging area where French and Indian Companies could join hands.
- **Renewable Energy:** India expects that renewable energy will be more than 50% of the total energy consumed in the country by 2030. India currently is the 4th largest wind power producer, 5th largest solar power producer and 5th largest total renewable energy producer in the world. Renewable energy is expected to go up to 225 GW in the next two years where solar will be almost fifty percent of the total power produced. The cost of solar power generation is the lowest in India today. The Indian government is also focusing on bioenergy from waste and at least 10GW of bioenergy is expected to be available by 2030 in India – all this representing a major opportunity for French energy companies.
- **Water:** The Namami Gange (Clean Ganga) project envisages an investment of nearly $US3 billion over next 5-7 years under hybrid annuity contract model with 60% investment by industry and the rest by the Government. Overall, the Namami Gange program envisages the addition and upgradation of around 12,000 MLD sewage treatment capacities as currently identified across 120 cities spread over five states in the river basin, which is likely to be expanded further. The PPP model opens up avenues for the engagement of French companies.
- **SMEs:** It is important to look at ways to encourage French SMEs to invest in the country. Success stories of large-scale investments under "Make in India", in the areas of aerospace, naval or land projects require the development a fully capable and proven ecosystem of French and Indian SMEs as key players in the supply chains of sub-assemblies.

India Investment Basics

Currency: Indian Rupee (INR)

Foreign exchange control: There is a simplified regulatory regime for foreign exchange transactions and liberalized capital account transactions. Current account transactions are permitted unless specifically prohibited and are monitored by the Reserve Bank of India (RBI), the central bank. Foreign investment is permitted in most industries, although sector specific caps apply to foreign investment in certain sectors, including defense, civil aviation, telecommunications, banking, insurance, pensions, and retail. The External Commercial Borrowing (ECB) framework permits all entities eligible to receive foreign direct investment to raise ECB.

The government has issued a list of various instruments classified either as debt or non-debt. The RBI is responsible for regulating debt instruments, and the Ministry of Finance for regulating non-debt instruments in accordance with the rules and regulations governing both types of instrument.

Prior government approval is required for investment from entities based in countries that share a land border with India (viz. China, Bangladesh, etc.) or where the beneficial owner of an investing entity is situated in, or a citizen of, such a country.

Accounting principles/financial statements: India has initiated steps toward the convergence of its accounting standards with IFRS (subject to a few exceptions); these standards are called Indian Accounting Standards (Ind AS). Ind AS are mandatory for listed and unlisted companies with a net worth of at least INR 2.5 billion. The implementation schedule for banks has been deferred by the RBI until further notice.

Principal business entities: These are the public/private limited liability company; one-person company; partnership firm; limited liability partnership (LLP); sole proprietorship; trust established as a regulated investment vehicle; or branch office, liaison office, project office, or site office of a foreign corporation.

Corporate taxation

Rates	
Corporate income tax rate	15%/22%/25%/30% (domestic companies, maximum 34.944%, including surcharge and cess)/40% (foreign companies, maximum 43.68%, including surcharge and cess)
Branch tax rate	40% (maximum 43.68%, including surcharge and cess)
Capital gains tax rate	0%/10%/15%/20% (plus surcharge and cess in certain cases)

Residence: A corporation is resident if it is incorporated in India or if its place of effective management in that year is in India.

A partnership firm, LLP, or other non-individual entity is considered resident in India if any part of the control and management of its affairs takes place in India.

Basis: Residents are taxed on worldwide income; non-residents are taxed only on Indian-source income. Indian-source income may include capital gains arising from the transfer of any share or interest in a company or entity registered or incorporated outside India if the share or interest directly or indirectly derives its substantial value from assets located in India. Foreign-source income derived by a resident company is subject to corporate income tax in the same way as Indian-source income. A branch of a foreign corporation is taxed as a foreign corporation.

Taxable income: Tax is imposed on a company's profits, which consist of business/trading income, passive income, and capital gains. Income resulting from the indirect transfer of assets located in India is included. Normal business expenses, as well as other specified items, may be deducted in computing taxable income.

Rate: The standard corporate income tax rate is 30% for domestic companies and 40% for foreign companies and branches of foreign companies. Taking into account any applicable surcharge and cess, the highest effective rate is 34.944% for domestic companies and 43.68% for foreign companies.

Domestic companies that forgo claiming certain specified tax deductions and incentives may elect a special taxation regime with a reduced corporate income tax rate of 22% (plus any applicable surcharge and cess) for the financial year (FY) ending 31 March 2020 (assessment year (AY) 2020-21) and subsequent years, subject to certain conditions.

Certain resident manufacturing companies (incorporated on or after 1 March 2016), may elect a 25% rate (plus any applicable surcharge and cess) where the company does not claim certain specified tax deductions and incentives.

Domestic manufacturing companies incorporated on or after 1 October 2019 that commence manufacturing activities on or before 31 March 2023 may elect a reduced 15% corporate income tax rate (plus any applicable surcharge and cess) on income derived from or incidental to manufacturing or production activities, provided certain conditions are fulfilled. Other income is subject to corporate income tax at 22% or 25% (plus any applicable surcharge and cess), depending on the relevant tax regime.

Surtax: A 7% surcharge applies to domestic companies with income exceeding INR 10 million and a 12% surcharge applies where income exceeds INR 100 million. For foreign companies, the corresponding rates are 2% and 5%, respectively. A 10% surcharge applies to domestic companies that elect a special taxation regime. An additional 4% cess is payable in all cases.

Alternative minimum tax: Minimum Alternate Tax (MAT) is imposed at a rate of 15% (plus any applicable surcharge and cess) on the adjusted book profits of corporations whose tax liability is less than 15% of their book profits. MAT does not apply to certain income of foreign companies, including capital gains on transactions involving securities, interest, royalties, and fees for technical services if such income is subject to tax at a rate lower than the MAT rate. Vide Finance Bill, 2021 such relaxation is proposed to be extended to dividend income. Domestic companies that elect a special taxation regime also are exempt from MAT. A credit is available for MAT paid against tax payable on normal income, which may be carried forward for offset against corporate income tax payable in subsequent years for up to 15 years.

Any person other than a corporation (including an LLP) is subject to alternate minimum tax (AMT) at 18.5% (plus any applicable surcharge and cess) of the adjusted total income where the normal income tax payable is less than the AMT. AMT also is imposed on a person eligible for investment-linked incentives. The adjusted total income is the total income before giving effect to the AMT provisions, as increased by certain deductions claimed in computing the total income, including the tax holiday claimed by units in a Special Economic Zone (SEZ). A tax credit is allowed for AMT paid against the tax payable on normal income and may be carried forward for up to 15 years.

Taxation of dividends: As from 1 April 2020, dividends paid by domestic companies no longer are subject to dividend distribution tax (DDT) in the hands of the company but are taxed at the shareholder level.

Dividends received from a foreign company generally are subject to corporate income tax, with a credit for any foreign tax paid. However, dividends received by an Indian company from a foreign company in which the Indian company holds at least 26% of the equity shares are subject to tax at a reduced base rate of 15% on the gross income (plus any applicable surcharge and cess).

Capital gains: The tax treatment of capital gains depends on whether the gains are long- or short-term. Gains are long-term where the asset is held for more than three years (one year for listed shares and specified securities, and two years for unlisted shares and immovable property (land, buildings, or both)).

The first INR 100,000 of long-term gains on listed shares and specified securities is exempt if the transaction is subject to securities transaction tax (STT). The exemption generally is not available where the equity shares were acquired on or after 1 October 2004 and the acquisition was not chargeable to STT; however, the Central Board of Direct Taxes has clarified that the exemption is available in specified cases (such as acquisitions under preferential allotment, off-market acquisitions, acquisitions during a delisted period, etc.). Any gain in excess of INR 100,000 is chargeable to tax at the rate of 10% (plus any applicable surcharge and cess).

The cost of acquisition (i.e., the tax basis) of long-term capital assets acquired on or before 31 January 2018 is the higher of the actual cost or the fair market value on 31 January 2018. Where the full value of the consideration on a transfer is less than the fair market value, the higher of the full value of the consideration or the actual cost is deemed to be the cost of acquisition.

Where gains on listed shares and specified securities are not subject to STT, a 10% tax applies (without the benefit of an inflation adjustment). The applicable tax rate on long-term capital gains derived by a non-resident from the sale of unlisted securities is 10% (without the benefit of foreign currency conversion or an inflation adjustment). Gains on other long-term assets are taxed at 20% (plus any applicable surcharge and cess), but with the benefit of an inflation adjustment.

Short-term gains on listed shares and specified securities that are subject to STT are taxed at 15% (plus any applicable surcharge and cess); gains from other short-term assets are taxed at the normal tax rates (plus any applicable surcharge and cess).

An unlisted domestic company is liable to pay an additional tax of 20% (plus surcharge and cess) on income distributed to a shareholder on account of a buyback of the company's shares.

Losses: Business losses and capital losses may be carried forward for eight years, with short-term capital losses offsetting capital gains on both long- and short-term assets, and long-term capital losses offsetting only long-term capital gains. Other than unabsorbed depreciation (which may be carried forward indefinitely), losses may be carried forward only if the tax return is filed by the due date. Unabsorbed depreciation may be offset against any income, whereas business losses may be offset only against business profits in subsequent years.

Losses incurred from domestic property rentals may be offset against other heads (categories) of income up to INR 200,000, and any remaining losses carried forward for up to eight years for offset against income from domestic property rentals in subsequent years.

Foreign tax relief: Foreign tax paid may be credited against Indian tax on the same profits, but the credit is limited to the amount of Indian tax payable on the foreign income. Specific rules have been introduced regarding the mechanism for granting a foreign tax credit.

Participation exemption: There is no participation exemption.

Holding company regime: There is no holding company regime.

Incentives: A deduction of up to 100% is available in respect of capital and revenue expenditure (other than expenditure on land or buildings) on scientific research conducted in-house by specified industries, and for payments made to specified organizations for scientific research.

A 100% deduction is allowed for amounts paid to a company registered in India that is carrying on scientific research activities; to a research association; or to a university, college, or other institution engaged in research in social science or statistical research.

Investment-linked incentives (a 100% deduction for capital expenditure other than expenditure incurred on the acquisition of land, goodwill, or financial instruments) are available for specified activities.

An investment-linked incentive in the form of 100% deduction is available for developing and/or maintaining and operating an infrastructure facility (i.e., a road, highway project, water-supply project, port, etc.), subject to specified conditions.

A deduction of up to 100% is available for expenditure incurred on a "notified" agricultural extension or skill development project.

Certain capital expenditure for the right to use spectrum for telecommunication services is allowed as a deduction over the period of the right to use the spectrum.

A taxpayer that is an eligible start-up may elect a deduction of 100% of the profits derived from an eligible business for any three consecutive assessment years out of the ten years beginning from the year of incorporation (for companies/ LLPs set up on or after 1 April 2016 and before 1 April 2021). Vide Finance Bill, 2021 it has been proposed to extend the outer date of incorporation to before 1 April 2022.

A concessional tax rate of 10% (plus any applicable surcharge and cess) applies on gross income arising from royalties in respect of a patent developed and registered in India by a person resident in India. No deduction is allowed for expenditure or for an allowance in respect of such royalty income.

Income from dividends, interest, and long-term capital gains of sovereign wealth funds, foreign pension funds, and entities wholly owned by the Abu Dhabi Investment Authority from investments in Indian infrastructure enterprises is exempt from tax where the investment is made between 1 April 2020 and 31 March 2024, and held for at least three years.

Units established in SEZs that commence manufacturing activities on or before 30 June 2020 are exempt from tax on their export profits, subject to compliance with other conditions. Other tax holidays are available based on industry and region.

Compliance for corporations

Tax year: The tax year is the year from 1 April to the following 31 March.

Consolidated returns: Consolidated returns are not permitted; each company must file a separate return.

Filing and payment: Taxes on income in a tax year usually are paid in the next tax year ("assessment" year). The filing deadline for all returns of income for FY 2019-20 has been extended in response to the COVID-19 pandemic. All companies and all other taxpayers who are required to have their accounts audited or are required to file a certificate on international transactions must submit a final return by 15 February 2021. The due date for noncorporate taxpayers who are not required to have their accounts audited and not required to file a certificate on international transactions is 10 January 2021.

All taxpayers must provide details of income, expenses, tax due, and tax paid. Other required details will depend on the applicable income tax return form. Generally, for years other than FY 2019-20, companies must submit a final return by 31 October (30 November for companies required to file a certificate on international transactions (see "Transfer pricing," below)) of the assessment year.

Returns for noncorporate taxpayers that are required by law to have their accounts audited generally also are due on 31 October (30 November for taxpayers required to file a certificate on international transactions (see "Transfer pricing," below)). All other taxpayers who are not required to have their accounts audited generally must submit a return by 30 July. Taxpayers claiming tax holidays or carrying forward tax losses must file their return of income on or before the due date.

Taxpayers must make four advance payments of their income tax liabilities during the tax year, on 15 June (15% of total tax payable); 15 September (30% of total tax payable); 15 December (30% of total tax payable); and 15 March (25% of total tax payable).

The government has introduced rules such as the mandatory filing of Know Your Customer (KYC) documentation for directors of companies, KYC requirements for foreign portfolio investors, and the mandatory dematerialization (i.e., conversion of physical share certificates into electronic format) of shares for public companies. Companies incorporated before December 2017 must file a form to verify that they are active.

Penalties: Penalties apply for failure to file a return, tax audit report, or certificate of international transactions; failure to comply with withholding tax obligations; and under reporting and misreporting of income. Criminal proceedings also may be initiated for failure to file an income tax return.

Rulings: The Authority for Advance Rulings (AAR) issues rulings on the tax consequences of transactions or proposed transactions with nonresidents. It also can issue rulings in relation to the tax liability of residents in prescribed cases, and on whether an arrangement is an impermissible avoidance arrangement. Rulings are binding on the applicant and the tax authorities for the specific transaction(s). Advance pricing agreements (APAs) also are possible. Vide Finance Bill, 2021, it has been proposed to replace AAR by one or more Board for Advance Rulings (BFAR) from a date to be notified. As per the proposal, advance rulings shall not be binding on the applicant or the tax authorities, and either party can file an appeal to High Court. Pending AAR cases will be transferred to BFAR.

Withholding tax

Rates				
Type of payment	**Residents**		**Nonresidents**	
	Company	**Individual**	**Company**	**Individual**
Dividends	10%/7.5%	10%/7.5%	10%/20% (plus surcharge and cess)	10%/20% (plus surcharge and cess)
Interest	10%/7.5%	10%/7.5%	5%/20%/40% (plus surcharge and cess)	5%/20%/30% (plus surcharge and cess)
Royalties	2%/1.5%/ 10%/7.5%	2%/1.5%10% /7.5%	10%/20% (plus surcharge and cess)	10%/20% (plus surcharge and cess)
Fees for technical services	2%/1.5%	2%/1.5%	10%/20% (plus surcharge and cess)	10%/20% (plus surcharge and cess)

Dividends: Dividends paid to an Indian resident generally are subject to withholding tax at 10%; the rate is temporarily reduced to 7.5% for dividends paid as from 14 May 2020 through 31 March 2021.

As from 1 April 2020, dividends paid to a nonresident generally are subject to withholding tax at 20%. The rate is 10% for dividends paid on foreign currency bonds or global depository receipts. The withholding tax rates on dividends paid to nonresidents are subject to any applicable surcharge and cess and may be reduced under a tax treaty.

Interest: Interest paid to an Indian resident generally is subject to withholding tax at 10%.

Interest paid to a nonresident on a foreign currency borrowing or debt generally is subject to a 20% withholding tax (plus any applicable surcharge and cess). A 5% withholding tax (plus any applicable surcharge and cess) applies to certain types of interest paid to a nonresident, including (i) interest paid on specific borrowings made before 1 July 2023 in foreign currency, and (ii) interest on investments made before 1 July 2023 by a foreign institutional investor or a qualified foreign investor in a rupee-denominated bond of an Indian company, a government security, or a municipal debt security.

The rates may be reduced under a tax treaty. Where a treaty applies, but the nonresident does not have a permanent account number (PAN) (i.e., a tax registration number), tax must be withheld at the higher of the applicable tax treaty rate or 20%; however, this does not apply if the payments are in the nature of interest and the foreign taxpayer provides the required documents to the payer. Where the interest income derived by a nonresident does not fulfill certain prescribed conditions for concessional withholding tax rates, a withholding tax rate of 30% (for individuals and entities other than a foreign company) or 40% (for a foreign company) applies (plus any applicable surcharge and cess). The rates may be reduced under a tax treaty.

Royalties: Royalties paid to an Indian resident generally are subject to withholding tax at 2% where the royalty is in the nature of consideration for the sale, distribution, or exhibition of cinematographic films; otherwise, the rate is 10%. Royalties paid to a nonresident are subject to a 10% withholding tax (plus any applicable surcharge and cess). The rate may be reduced under a tax treaty. Where a treaty applies, but the nonresident does not have a PAN, tax must be withheld at the higher of the applicable tax treaty rate or 20%; however, this does not apply if the payments are in the nature of royalties and the foreign taxpayer provides the required documents to the payer.

Fees for technical services: Technical service fees paid to an Indian resident generally are subject to withholding tax at 2%.

Technical service fees paid to a nonresident generally are subject to withholding tax at 10% (plus any applicable surcharge and cess). The rate may be reduced under a tax treaty. Where a treaty applies, but the nonresident does not have a PAN, tax must be withheld at the higher of the applicable tax treaty rate or 20%; however, this does not apply if the payments are in the nature of technical service fees and the foreign taxpayer provides the required documents to the payer.

Branch remittance tax: There is no branch remittance tax.

Anti-avoidance rules

Transfer pricing: The transfer pricing regime is influenced by OECD norm. The definition of “associated enterprise” extends beyond a shareholding or management relationship since it includes some deeming clauses. The transfer pricing provisions also cover specified domestic transactions with related parties where the aggregate value of those transactions exceeds INR 200 million in one year.

The pricing of these transactions must be determined with regard to arm’s length principles, using methods prescribed under India’s transfer pricing rules, which are similar to the methods prescribed in the OECD guidelines, with an additional sixth method (i.e., an “other method”). The arm’s length price is determined based on multiple-year data, and based on a range (between the 35th and the 65th percentile of the data distribution) or the arithmetic mean (depending on certain prescribed conditions).

The taxpayer is required to maintain detailed information and transfer pricing documentation substantiating the arm’s length nature of related party transactions. Companies also are required to submit a certificate to the tax authorities (in a prescribed format) from a practicing chartered accountant that sets out the details of associated enterprises, international transactions, etc., along with the methods used to determine an arm's length price. The certificate generally must be filed one month prior to the due date of filing the annual tax return, i.e., by 31 October of the assessment year.

The Indian transfer pricing documentation requirements have been updated to incorporate the specific reporting regime in respect of country-by-country reporting and the master file provided for under the OECD/G20 BEPS project.

Where the application of the arm's length price would reduce the income chargeable to tax in India or increase a loss, no adjustment will be made to the income or loss.

Secondary adjustments apply to transfer pricing adjustments relating to tax year 2016-17 and subsequent years. The taxpayer is required to repatriate cash to India within a prescribed time to the extent of a transfer pricing adjustment. If not repatriated, the amount of the adjustment is treated as an advance to the associated enterprise, and subject to notional interest taxable in India. The taxpayer has the option to pay additional tax of 20% on the value of the transfer pricing adjustment that is not repatriated to India, in which case notional interest will not be charged. Further, where current year income is increased due to secondary adjustments made to the books of the taxpayer, vide Finance Bill, 2021, it has been proposed that the taxpayer can now apply to the income tax officer to recompute the book profits of previous years along with tax payable for the purposes of recomputing the MAT liability.

If a taxpayer that benefits from a tax holiday is subject to a transfer pricing adjustment, the benefit is denied to the extent of the adjustment.

Safe harbor rules provide for the automatic acceptance of a taxpayer's transfer price that equals or exceeds the safe harbors.

A taxpayer also may enter into a unilateral, bilateral, or multilateral APA.

The Indian safe harbor rules and APAs also cover profit attribution.

Interest deduction limitations: There are no interest deduction limitation rules.

Controlled foreign companies: There are no CFC rules.

Hybrids: There is no anti-hybrid legislation.

Economic substance requirements: These are relevant in the context of the general anti-avoidance rule (see "General anti-avoidance rule," below). An arrangement is deemed to lack commercial substance where any one of the following criteria is met:

- The arrangement in its entirety differs significantly from the individual steps;
- The arrangement involves back-to-back financing, an accommodating party, or offsetting or cancelling transactions, intended to disguise the true nature of the transaction;
- The location of an asset, transaction, or place of residence is determined solely for the purpose of obtaining a tax benefit; or
- The arrangement has no significant effect on the business risks or net cash flows of any party to the arrangement, other than any effect attributable to the tax benefit.

Disclosure requirements: A foreign company with a liaison office, branch office, or project office in India is required to prepare financial statements and annual activity certificates on its activities and submit this information to the authorized dealer bank. Liaison and branch offices also must submit an annual activity certificate to the Director General of Income Tax.

Company law requires identification of a company's significant beneficial owners (SBOs). Any individual who, directly or indirectly, holds more than 10% of the shares, or voting rights, or rights to participate in more than 10% of the distributable dividends of a company; or who exercises significant influence over the company, etc., is considered an SBO. There are detailed rules for determining an SBO and indirect holdings must be taken into account. All SBOs are required to make timely disclosures regarding their holdings in an Indian company and any changes thereto to the company, and the company in turn must notify the Registrar of Companies.

Exit tax: There is no exit tax.

General anti-avoidance rule: The general anti-avoidance rule (GAAR) provisions empower the tax authorities to declare an arrangement as an impermissible avoidance arrangement if it was entered into with the main purpose of obtaining a tax benefit, and it:

- Creates rights or obligations that normally would not be created between persons dealing at arm's length;
- Results, directly or indirectly, in the misuse or abuse of the Income-tax Act, 1961;
- Lacks commercial substance or is deemed to lack commercial substance; and
- Is carried out in a manner that would not be used for bona fide purposes.

The GAAR applies to arrangements where the tax benefit exceeds INR 30 million. Once the GAAR is invoked, tax treaty benefits may be denied for the arrangement.

Other: To discourage transactions with persons located in jurisdictions that do not effectively exchange information with India, transactions with persons situated in certain jurisdictions designated by the government are subject to the Indian transfer pricing rules, and income paid to persons in those jurisdictions is subject to a minimum withholding tax of 30%.

Value added tax

Rates	
General rate	0%/5%/12%/18%/28%
Special rate	0.1%/0.25%/3%

Taxable transactions: Goods and services tax (GST) is a destination-based consumption tax applicable to the supply of goods or services. GST also is a part of the aggregate customs duty imposed on imports. Exports and supplies to SEZs are zero-rated for GST purposes.

Central GST (CGST) and state GST (SGST) are imposed simultaneously on a common tax base on all intrastate transactions. In the case of interstate supplies of goods and services, integrated GST (IGST) applies at a rate that is an aggregate of CGST and SGST.

GST applies to all goods and services other than alcoholic liquor for human consumption and certain petroleum products (see “Other,” below).

Rates: Goods and services are categorized under a structure with five different rates: 0%, 5%, 12%, 18%, and 28%. There is no standard rate per se, but the rate for most services is 18%. Special rates of 0.1%, 0.25%, and 3% apply on supplies to merchant exporters, rough, precious and semi-precious stones, and gold, respectively.

In addition to GST, a GST compensation cess primarily in the range of 12% to 96% applies to a few “demerit” and luxury items such as pan masala, coal, sparkling water, cars, and tobacco products.

Registration: Registration is state-specific. Two threshold limits of aggregate turnover (INR 4 million and INR 2 million) have been prescribed for exemption from registration and payment of GST for suppliers of goods and states may choose their own threshold limits.

Service providers continue to be governed by the originally prescribed threshold limits of aggregate turnover of INR 2 million (INR 1 million in certain special category states). The threshold exemption does not apply in specific cases, such as in the case of interstate taxable supplies (other than to persons making interstate supplies of services with aggregate turnover of less than INR 2 million (INR 1 million for special category states)), persons who are required to pay tax under the reverse-charge mechanism, electronic commerce operators required to collect tax at source, etc.

Filing and payment: GST compliance is an electronic process. Specific returns, filing obligations, and the time of payment are prescribed for different types of taxpayers, with most taxpayers being required to file monthly returns plus an annual return.

The monthly return in respect of outward supplies generally is due by the 11th day of the following month, with consolidated monthly returns (including information relating both to inward and outward supplies) and tax payments due by the 20th day of the following month.

Annual returns also must be filed by GST registered persons on or before 31 December following the relevant financial year. GST registered persons with aggregate turnover exceeding INR 20 million also must provide as a minimum a copy of the audited annual accounts and a reconciliation statement, reconciling the value of supplies declared in the returns submitted for the financial year with the audited annual financial statements.

Other than for a limited number of notified exceptions, e–invoicing (i.e., the generation of electronically authenticated invoices to effect GST supplies) is compulsory as from 1 January 2021 for taxpayers with turnover exceeding INR 1 billion in the three preceding financial years. E-invoicing was compulsory for taxpayers with turnover exceeding INR 5 billion in the three preceding financial years as from 1 October 2020.

A mandatory e-way bill system applies for the interstate and intrastate movement of goods above a certain value (except under certain specified circumstances).

Other: Alcohol for human consumption and certain petroleum products (petroleum crude, motor spirit (petrol), high speed diesel, natural gas, and aviation turbine fuel) continue to be taxed under the VAT regime (one of several indirect taxes replaced by GST in 2017). Interstate sales of these goods continue to be liable to central sales tax. Alcohol for human consumption also is liable to state excise duty, while the above petroleum products continue to be liable to central excise duty. The standard rates for VAT, central sales tax, and state excise duty on these products vary between states, while the standard rate for central excise duty depends on the nature of the petroleum product.

Registration for VAT and central sales tax is mandatory for taxpayers dealing in the relevant goods if the business's sales turnover exceeds a threshold (INR 500,000 in most states), although certain state VAT laws also specify monetary limits of sales and/or purchases.

VAT, central sales tax, and state excise duty returns, and payments generally are due either monthly or quarterly, based on the amount of the tax liability.

GST paid on procurements of goods and services cannot be offset against a VAT or state excise duty liability. Similarly, a VAT or state excise duty credit cannot be offset against a GST liability.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social security contributions: The employer generally contributes 12% of eligible wages per month to the provident fund—8.33% of the wages (up to INR 15,000) is applied to the pension fund, with the balance paid to the provident fund (except in the case of "international workers," where the pension contribution by the employer is 8.33% of the wages). For employees joining the provident fund on or after 1 September 2014, the entire employer contribution (12% of wages) is applied to the provident fund.

All employees (including "international workers" but not "excluded employees," as defined in the Provident Fund Act) contribute 12% of eligible wages per month to the provident fund. However, where India has entered into a social security agreement (SSA) with the relevant foreign country, an inbound international worker (subject to certain conditions) is not liable to contribute to the provident fund in India upon obtaining a certificate of coverage (CoC). An international worker may be either (i) a foreign employee working for an establishment in India to which the Provident Fund Act applies, or (ii) an Indian employee seconded to a country with which India has entered into an SSA, who has not obtained a CoC, and is/will be eligible for benefits under the host country's social security program.

The aggregate employer contribution to the provident fund, national pension scheme, and superannuation fund in excess of INR 750,000, as well as any annual accretion on the excess contributions (in the form of dividends, interest, etc.), is a taxable perquisite for the employee. Vide Finance Bill, 2021, it has been proposed to tax the interest accrued on employee contributions to provident fund/other provident funds exceeding INR 250,000 in a year, subject to conditions.

Payroll tax: There is no payroll tax but the employer is responsible for withholding tax on salary income.

Capital duty: India does not impose capital duty.

Real property tax: Municipalities impose property taxes (based on assessed value) and states impose land-revenue taxes.

Transfer tax: STT is payable by the purchaser at the time of purchase, or on the seller at the time of sale of equity shares, derivatives, units in an equity-oriented fund, or units of a business trust listed on a recognized stock exchange in India.

Stamp duty: Transactions involving real estate and other specified transactions (including financial instruments and tribunal orders for amalgamation/demerger) in India attract stamp duty levied under the Indian Stamp Act and the stamp acts of the various states (with rates varying between the states).

As from 1 July 2020, stamp duty on securities market instruments is imposed at uniform rates across India.

Net wealth/worth tax: India does not impose a net wealth tax or net worth tax.

Inheritance/estate tax: India does not impose an inheritance tax or an estate tax.

Other: An equalization levy of 6% on the amount of consideration in excess of INR 100,000 for specified services received by a nonresident without a permanent establishment (PE) in India must be withheld by a resident payer or a nonresident payer with a PE in India. The “specified services” include online advertising or the provision of digital advertising space, other related facilities or services, or any other service that may be notified by the central government.

An equalization levy of 2% applies as from 1 April 2020 on the consideration from e-commerce supply and services (other than specified services within the scope of the 6% levy) made or provided by an e-commerce operator without a PE in India, and whose sales, turnover, or gross receipts from the e-commerce supply and services are at least INR 20 million during the tax year.

Income subject to the 6% equalization levy is not taxed in the hands of the recipient. Income arising from e-commerce supply or services made, provided, or facilitated on or after 1 April 2020 and subject to the equalization levy at 2%, is exempt from income tax only as from 1 April 2021. Therefore, for FY 2020-21, both equalization levy and withholding tax potentially may apply. To provide clarity on this aspect, vide Finance Bill, 2021, it has been proposed to apply the exemption provision w.e.f. 1 April 2020. It has been further clarified that exemption will not apply to consideration, which is taxable as a royalty or fees for technical services in India.

Sale of goods or provision of services by an e-commerce operator to an e-commerce participant is subject to a 1% withholding tax.

Customs duties are imposed by the central government, generally on the import of goods into India, although certain exported goods also are liable to customs duties. Vide Finance Bill, 2021, a new cess called Agriculture and Infrastructure Development Cess (AIDC) is proposed to be imposed on import of specified goods. Consequently, rate of Basic Customs Duty is proposed to be reduced to ensure no additional burden on the consumer.

Tax treaties: India has comprehensive tax treaties with almost 100 countries. The OECD multilateral instrument (MLI) entered into force for India on 1 October 2019.

Tax authorities: Income Tax Department, Authority for Advance Rulings, Board for Advance Rulings

Investment Climate in Select Indian States

Andhra Pradesh | Kerala | Maharashtra | Tamil Nadu

Andhra Pradesh

Overview

Andhra Pradesh is strategically located along the south-east coast of India and is the 8th largest state in the country. Abundant in natural resources, the state has the second largest coastline in India and is one of the largest producers of marine products.

During the nine-year period between 2012-13 and 2021-22, the Gross State Domestic Product (GSDP) of Andhra Pradesh, measured in terms of 2011-12 constant prices, grew from Rs. Rs.3806.29 billion to 7469.13 billion. During this period the state's GSDP grew at a compound annual growth rate (CAGR) of 7.78% [9].

The state also boasts of a robust physical, and industrial infrastructure and enjoys good connectivity. Andhra Pradesh has a strong presence in several sectors such as agro and food processing, IT, pharmaceuticals, textiles, chemicals, electronics, among others.

Due to proximity to ports, many power projects are in Andhra Pradesh. As of March 2022, Andhra Pradesh recorded a total installed power generation capacity of 25,726.89 MW[10].

Between October 2019 and December 2021, the state recorded FDI flows amounting to US$ 450.86 million[11]. The state ranked 12th among all states in terms of FDI inflows.

The first state to enact single window clearance, the state's industrial policies and various incentives has positioned the state as a favorable investment destination for investors.

The Government of Andhra Pradesh (GoAP) announced the Andhra Pradesh Industrial Development Policy 2020-23 (IDP) outlining the action plan for the Government for the next three years, for manufacturing sectors including Food Processing Industries.

The state's exports stood at US$ 22.18 billion in the first three quarters of FY2022[12].

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[9] Calculations based on MOSPI data

[10] https://www.ibef.org/states/andhra-pradesh

[11] https://www.ibef.org/states/andhra-pradesh

[12] https://www.ibef.org/states/andhra-pradesh

State Incentives

Area	Incentives
Ease of Doing Business	• Single Desk Clearance - GoAP shall create an e-platform, for facilitating all necessary clearances for starting and operating an industry within 21 working days. - Platform shall integrate requisite pre-establishment and pre-operation stage clearances provided by multiple agencies/ departments with provision for online filing and tracking. • Simplification of processes & procedures - **Spot approvals** to be given in case of clearances /approvals which require only a scrutiny of basic documents. These include Registration under Professional Tax, Registration of Shops and Establishments, Registration of establishments deploying contractual workmen / interstate migrant workmen among others. - **Deemed approval** based on self-certification to be given if select approvals and clearances are not granted within stipulated timelines, on submission of self-certification by applicants. These include Building Permission from Gram Panchayat, Factory Registration, among others. - **Assignment of Inspection** to Private Technical Experts - based on a review of applicable laws & regulations governing approvals & clearances required to set up new industrial units or expanding existing units, provisions have been identified in select regulations where inspections are permitted to be conducted by technically qualified experts in the private sector. They include Boiler Registration among others - **Parallel Processing of clearances**: Based on a review of applicable laws & regulations governing approvals & clearances, all intra-approval dependencies have been dispensed with and parallel processing of all clearances has been introduced to expedite closure of application process. • **State Investment Promotion Board (SIPB)** - SIPB has been constituted, with the Chief Minister as the Chairman and Chief Secretary to the Government as Member Convener, for creating an enabling structure to expedite decision making pertaining to industrial projects. SIPB shall meet once a month for taking final decision on investments / promotion activities and for approval of mega projects. - **Empowered Committee of Secretaries:** An Empowered Committee of Secretaries chaired by the Chief Secretary to the Government and convened by Secretary Industries shall meet every month to monitor and review the following: o Performance of single desk System o Policy issues relating to investment facilitation and project grounding

Area	Incentives
	o Implementation of all large/mega ongoing projects o Screening of all mega project proposals
Fiscal Incentives	• **Incentives for Large Industry Unit** (for project category definition, see Annex) - Power o Uninterrupted 24x7 quality power to all industries operating in the State. Andhra Pradesh one of the three states selected under the centrally sponsored "Power for All" scheme. o GoAP will provide fixed power cost reimbursement @ INR 1.00 per unit for a period of 5 years from the date of commencement of commercial production. The power cost reimbursement for certain specific sector/sub-sector may be higher. - Stamp Duty o 100% of stamp duty and transfer duty paid by the industry on purchase or lease of land meant for industrial use will be reimbursed. o 100% of stamp duty for lease of land/shed/buildings, mortgages and hypothecations will be reimbursed. - VAT/CST/SGST o For large Industry unit, 50% of net VAT/CST or SGST will be reimbursed for a period of 7 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier. o For sector specific industries like apparel, food processing, biotech, automobile VAT/CST/ SGST concession may be higher • **Incentives for Swachh Andhra** - GoAP shall encourage companies engaged in recycling waste (including mega, large and MSME projects) into environment friendly products/energy (such as waste to energy, waste to biogas, waste to manure) by bringing these industries under zero rated category schedule of the VAT Act. - GoAP will provide up to 35% subsidy on cost of plant & machinery for specific cleaner production measures limited to INR 3.5 million for MSME and up to 10% subsidy on cost of plant & machinery on specific cleaner production measures limited to INR 3.5 million for large enterprises, provided the measures certified by Andhra Pradesh Pollution Control Board (APPCB). - GoAP will provide 25% subsidy of total fixed capital investment of the project (excluding cost of land, land development, preliminary and pre-operative expenses and consultancy fees)

<table>
<tr><th>Area</th><th>Incentives</th></tr>
<tr><td></td><td>for below mentioned green measures with a ceiling of INR 500 million.
✓ Wastewater treatment: Constructing effluent treatment plant and sewage treatment plant and using recycled water for industrial purpose, especially zero discharge systems.
✓ Green Buildings: Buildings which obtain green rating under the Indian Green Building Council (IGBC/LEED Certification) or Green Rating for Integrated Habitat Assessment (GRIHA) systems.
✓ Use of renewable source of power (erecting captive sun, wind and biomass plants etc.).
✓ Installing Continuous Emission Monitoring System (CEMS) for red category industries. The information should be disseminated continuously to APPCB.
✓ Adopting rainwater harvesting; restoring water bodies by de-stilting defunct water bodies
✓ Any other environment management project approved by Empowered Committee of Secretaries.</td></tr>
<tr><td>Land</td><td>Government Land Bank
- Identified land bank of 3 lakh acres and the state is further in the process of consolidating an additional industrial land bank of approximately 7 lakh acres.
o Inventory of public/pooled/acquired lands: Lands shall be surveyed, and information made available in the public domain. GIS will be used to create land inventory and update information of land parcels on real time basis.
o Land Information System: Key details and parameters about land parcels (e.g. soil type, distance from seaports, airports, railway stations etc.) will be made available online.
• Land Pooling/Acquisition & Allotment
- Land Consolidation: Consolidation of Industrial Land to be done by the Industries & Commerce Department following the state’s land pooling/ acquisition policy.
- Land Allotment: Land shall be allotted on 99 years lease. SIPB may consider outright sale of land in the following cases:
o The investment exceeds INR 1 billion;
o Gestation period is more than 5 years;
o Industry is located in backward areas to be notified by the Government, for this purpose;
o Departments, PSUs and agencies of the Central Government;
o Financial closure of the project requires a sale;
o Projects identified by the Government as critical and prestigious;</td></tr>
</table>

Area	Incentives
	○ Other categories to be notified by the Government from time to time.
International Desks	• Assistance to Foreign Investors Following support services to be provided to potential investors by select country specific desks: - Provide bespoke investor facilitation. - Handholding services in the form of local information and expertise. - Comprehensive portal with business opportunity related information.
Incentives for Medium, Large and Mega Enterprises under IDP 2020-23	• **Investment Subsidy** - 5% Investment Subsidy on Fixed Capital Investment limited up to INR 2 million, whichever is lower. The subsidy will be released only after 3 years of continuous operation with at least 80% efficiency in all parameters i.e., employment, production etc. • **Interest Subsidy** - Interest subsidy of 3% on the term loan taken for fixed capital investment by new MSEs for 5 years from the date of commencement of commercial production • **Land Conversion Charges** - Reimbursement of 25% land conversion charges for Industrial use limited to INR 1 million • **Net SGST Reimbursement** - Reimbursement of 100% of net SGST accrued to state for a period of 5 years or 100% fixed capital investment, whichever is lower, from the date of commencement of commercial production earlier linked to employment (See Annex)
Incentives for MSMEs under IDP 2020-23	• **Investment Subsidy** - 15% Investment Subsidy on Fixed Capital Investment limited up to INR 2 million, whichever is lower. The subsidy will be released only after 3 years of continuous operation with at least 80% efficiency in all parameters i.e., employment, production etc. • **Interest Subsidy** - Interest subsidy of 3% on the term loan taken for fixed capital investment by new MSEs for 5 years from the date of commencement of commercial production. • Stamp Duty - Reimbursement of 100% stamp duty and Transfer duty paid by the industry on purchase of land meant for Industrial use - Reimbursement of 100% stamp duty for lease of land/shed/ buildings, mortgages and hypothecations • **Land Conversion Charges -** Reimbursement of 25% land conversion charges for Industrial use limited to INR 1 million. • **Net SGST Reimbursement** - Reimbursement of 100% of net SGST accrued to state for a period of 5 years from the date of commencement of commercial production or up to realization of 100% fixed capital investment, whichever is earlier

Reference Document – Industrial Development Policy, 2015-20, Government of Andhra Pradesh; Andhra Pradesh Industrial Development Policy 2020-23

Annex

Project Category Definition

Micro, Small and Medium Enterprise	Large Industrial Project	Mega Industrial Project
GoAP follows the MSME definition laid out by Government of India as per MSMED Act 2006 **(as updated from time to time)**	Large Project is a unit in which the investment on plant and machinery is less than INR 5 billion and more than the investment threshold for Medium enterprises as in MSMED Act. Further, for sectors such as Textiles, Food Processing, Biotech etc. definition of large projects may be different.	Projects with an investment of at least ` INR 5 billion or direct employment generation of 2,000 will be accorded mega industry status. Further, for sectors such as textiles, food processing, biotech etc. definition of mega project may be different. The Government will extend tailor-made benefits to mega projects to suit particular investment requirements on case to case basis based on the gestation period, pioneering nature, locational aspects, technology, project's importance to the state's industrial growth and its ability to generate large scale employment for people or revenues for the State.

Net SGST Reimbursement

Direct Employment Generated	SGST Reimbursed
<1000	50%
1000 to 2000	75%
2000+	100%

Source: Andhra Pradesh Industrial Development Policy 2020-23

Kerala

Overview

The state of Kerala has made some significant strides in developing a robust industrial sector over the years. The state has placed considerable emphasis in improving its investment climate and holds the second rank in the Investment Climate Index, as per a World Bank policy research paper[13]. The state has achieved this status owing to its world class infrastructure and its rich pool of skilled labour.

Widely known as “God’s own country”, Kerala is a leading tourist destination for both local as well as international tourists and has significant investments coming into the sector. A BBC travel survey has rated the state as the top favourite tourist destination among foreign travellers[14].

Kerala’s Gross State Domestic Product (GSDP) at constant prices, grew from Rs. 3,876.93 billion in 2012-13 to Rs.5, 509.2 billion in 2021-22. Between 2012-2022, the state’s GSDP recorded a compound annual growth rate (CAGR) of around 4%.

The Government allocated funds worth US$ 1.01 billion for agriculture and allied activities, as per State Budget 2022-23[15].

As of March 2022, the state had a total installed power-generation capacity of 3,220.74 MW[16].

Kerala has been promoting knowledge-based industries such as IT/ITes, computer hardware and biotechnology.

As per Department for Promotion of Industry and Internet Trade (DPIIT) estimates, Kerala received cumulative foreign direct investment (FDI) inflows to the tune of US$ 574.27 million between October 2019 and December 2021[17].

Exports from the state stood at US$ 3.94 billion during FY 2021 and US$ 4.03 billion in FY 2022 (Until February)[18].

The state’s techno park in Thiruvananthapuram has been instrumental in attracting global electronics manufacturers[19].

With well drafted sector specific policies and a wide range of fiscal policy incentives, Kerala has positioned itself as an ideal destination for industrial investments. With a strong infrastructure sector, aided by good power and connectivity facilities, the state offers immense opportunities for global investors.

[13] https://www.ibef.org/states/kerala-presentation

[14] https://www.ibef.org/states/Kerala-infographic

[15] https://www.ibef.org/states/kerala

[16] https://www.ibef.org/states/kerala

[17] https://www.ibef.org/states/kerala

[18] https://www.ibef.org/states/kerala

[19] https://www.ibef.org/states/kerala-presentation

The State Government brought out the Kerala Industrial & Commercial Policy 2018, with the objective of transforming the state into a vibrant investment destination, promote sustainable growth and create employment opportunities with reasonable wages.

State Incentives

Area	State Incentives
Ease of Doing Business & Single Window Clearance	• Self-Certification based approval regime will be implemented in the State for enterprises belonging to the white and green category of classification. • Third party certification for industries will be considered as deemed approval for starting an enterprise in the State. • A time bound schedule with maximum time limit of 30 working days for clearances will be considered. • Standard operating procedures of investors' applications will be published in advance. • 5 Steps will be taken to standardize the term of licenses being issued by all Departments / Agencies initially for 5 years. • All licenses from concerned departments / agencies will be deemed to have been issued post completion of the time period as mentioned in the Right to Services Act. • A provision for certificate validation of all clearances / approvals will be provided in the web portal. • Kerala State Single Window Clearance & Industrial Township Act, 1999 will be expanded to establish a dedicated physical office and an online clearance mechanism for the State. • A special cell will be set up at Kerala State Industrial Development Corporation Ltd. (KSIDC) to act as a nodal office and involve the concerned departments wherever necessary. It is proposed to set up investment promotion and facilitation center – project management unit. • To make this system effective at the District level, a committee will be formed headed by Dist. Collector comprising of officers of various Departments. • A common web portal will be launched for all the clearances required and shall be linked to all relevant Departments / Agencies. • A dedicated online payment system to be incorporated to the web portal linking the same to the State Treasury and other nationalized banks.

Area	State Incentives
	• Steps will be taken to display the availability of land for industrial purpose in the State in the proposed web portal.
Incentives for enterprises coming under recognized industrial parks/zones	• 100 % stamp duty / registration fee exemption for all allotments. • Environmental Protection Infrastructure Subsidy - Dedicated Effluent Treatment Plants (ETP) and / or Hazardous Waste Treatment Storage and Disposal Facility (HWTSDF) set up by individual manufacturing units would be eligible for an Environment Protection Infrastructure subsidy • Incentivizing additional employment generation: 75% of the statutory employer contribution for additional employees over and above 31-03-2017 level will be borne by Government for 3 years.
Incentives for MSMEs	• Government will launch a special support mechanism to revive incipient sick units. Entrepreneur Support Scheme (ESS) will be introduced for Plastic waste Recycling, Biodegradable Plastics and Renewable energy based MSMEs. • Loans at affordable interest rates will be made available from Kerala Financial Corporation for MSMEs. • Medical equipment manufacturing, Sports goods manufacturing, Printing equipment manufacturing, Photography / Videography equipment manufacturing and manufacturing of similar items having high market potential will be encouraged and facilitated. • The details of closed industries will be prepared, and special focus will be given for reopening or diversification
E-Commerce Portal	• E-commerce portals will be developed as a virtual showroom for handicraft and other Kerala specific products. • Govt. will provide adequate marketing support to MSME’s through subsidies and incentives for participation in National & International Trade fairs and B2B meets. • Special measures will be taken for branding of handicrafts and ethnic products

Reference Document: Kerala Industrial & Commercial Policy 2018

Maharashtra

Overview

Located in the western part of India, the state of Maharashtra has been one of the frontrunners in industrial development. World class infrastructure, effective industrial policies and a conducive environment facilitating ease of doing business are some of the factors that have led to rapid growth of industries in Maharashtra.

The gross state domestic product (GSDP) of the state (at 2011-12 constant prices) grew from Rs. 12803.7 billion during 2011-12 to reach Rs. 18893.06 billion during 2020-21. The GSDP grew at a compound annual growth rate (CAGR) of 4.42 % during the 9-year period between 2011-12 and 2020-21[20].

The most industrialised state of India, Maharashtra is also the largest producer of sugarcane in India and a leading producer of cotton in the country. Sugarcane production reached 69.31 million tonnes in 2019-20 and the state produced 6.64 million bales of cotton in the same year[21].

Having witnessed rapid growth in technological advancements, Maharashtra has attracted several innovative enterprises in the country. It is also the automobile manufacturing hub of the country and a leader in agro-based and food processing industries.

The state is also endowed with a well-developed and robust infrastructure, with 16 airports, two major and 48 minor ports. The state also possesses a well-developed power supply grid[22].

Maharashtra is one of the largest exporting states in the country and recorded total exports worth around US$ 66 billion during FY2022[23]. The state is also promoting the development of Special Economic Zones (SEZs) across sectors including IT/IteS, pharma, biotechnology, textile, automotive and auto components, gems and jewellery etc.

The state is also home to a large base of small-scale industries and is endowed with abundant skilled and industrial labour. The state capital, Mumbai, is the commercial capital of India and coming up as a global financial hub.

All these factors, along with the state's favourable investment policies, have made Maharashtra the most preferred investment destination for both domestic and global investors.

As per Department for Promotion of Industry and Internal trade (DPIIT) estimates, Maharashtra attracted FDI inflows to the tune of US$ 23.43 billion between October 2019 and March 2021.

The state of Maharashtra, already a leader in industrial development in the country with its "Magnetic Maharashtra' brand has a progressive vision, focused on inclusive and sustainable industrial growth and development.

[20] Calculations based on MOSPI data

[21] https://www.ibef.org/industry/maharashtra-presentation

[22] https://www.ibef.org/states/maharashtra

[23] https://www.ibef.org/states/maharashtra

State Incentives

Area	Incentives
Ease of Doing Business	• Facilitating Maharashtra Industry, Trade & Investment Cell (MAITRI) - MAITRI to facilitate clearances/ permissions/Licenses to numerous enterprises. - All information on state's resources, industrial infrastructure, procedure for setting up units, grievance redressal, and rules / regulations / orders etc. will be available on MAITRI portal. - Timely approvals and services to investors. - MAITRI facilitation and handholding setup shall be operationalized at regional levels, cost of which will be borne by concerned department for complaints received at MAITRI level - Special assistance cell for promotion of scheduled castes and tribes and women entrepreneurs. • Regulatory simplification - Procedural simplification in obtaining environmental clearances. - Procedures for building plan approvals for industries shall be rationalized across the state. - Maharashtra Industrial Development Corporation (MIDC) shall act as the interface for local authority taxation purposes in MIDC industrial areas
Fiscal Incentives to MSMEs	Micro, Small and Medium Enterprises (MSMEs) shall include units as per the definition of Government of India- Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, as well as the small industries with FCI of up to Rs. 500 million. • A basket of incentives, their aggregate amount not exceeding a specified ceiling will be offered to eligible MSME units (See Table 1, Annex) • Eligible units in Agro & Food Processing (secondary and tertiary processing units and Farmer Producer Companies for manufacturing/processing activity only), Green energy/ biofuel and Industry 4.0 shall be given additional support. • The power tariff subsidy, for eligible new units located (other than A areas) in Vidarbha, Marathwada, North Maharashtra, and districts of Raigad, Ratnagiri and Sindhudurg in Konkan will be to the extent of Rs 1/- per unit consumed and in other areas (except A areas), to the tune of Rs 0.5/- per unit consumed for 3 years from the date of commencement of commercial production. • In areas other than A, interest subsidy @ Rs 5 per cent p.a., maximum up to the value of electricity consumed and bills paid for that year, will be admissible.

Area	Incentives
	• Stamp duty exemption (SDE) - 100% SDE for MSMEs within investment period for acquiring land (including assignment of lease rights and sale certificate) and for term loan purposes. However, in A and B areas SDE will be offered only to IT and BT manufacturing units in IT and BT parks. - Eligible Units under PSI 2013 Scheme will also be eligible for SDE for their investment period. • Exemption from electricity duty payment - for eligible new units in C, D, D+, No industries Districts and Naxalism Affected Area - 100% electricity duty exemption for export-oriented units and IT/BT units for 7 years in A and B areas. • All Central and State government schemes relevant to MSMEs shall be dovetailed in this policy • Marketing Assistance scheme for MSMEs to support marketing activities, to improve competitiveness at both national and international level. • For strengthening MSMEs, standalone incentives (not linked with PSI) shall be admissible to promote quality competitiveness, Zero Defect Zero Effect (ZED scheme), research & development, technology up-gradation, water & energy conservation, cleaner production measures and credit rating. • Eligible MSMEs & small industries as defined above shall be offered Investment Promotion Subsidy (IPS) on gross SGST paid by the unit on the first sale of eligible products billed and delivered to the same entity within Maharashtra.
Attracting Large, Mega and Utra-Mega Investments	• Large scale industries (LSI) - LSIs shall be offered incentives that are graded in a way so as to assist dispersal of investment to industrially under-developed areas. A basket of incentives, their aggregate amount not exceeding the specified ceiling will be offered to eligible LSI units (See Table 2, Annex) - LSI units in thrust areas to get additional benefits - Eligible LSI units to get Investment Promotion Subsidy (IPS) on gross SGST paid by them on the first sale of eligible products billed and delivered to the same entity within Maharashtra on a first come-first serve basis. - 100% Stamp duty exemption (SDE) to eligible units within investment period for acquiring land (including assignment of lease rights and sale certificate) and for term loan purposes. However, in A and B areas, SDE will be offered only to IT and BT units in IT and BT Parks; Eligible

Area	Incentives
	Units under PSI 2013 Scheme will also be eligible for SDE for their investment period. - Exemption from electricity duty payment for eligible new units in C, D, D+, No industries Districts and Naxalism Affected Area; 100% electricity duty exemption for large scale export-oriented units and IT/BT units for 7 years in A and B areas. - Units applying for incentives in the first year of policy period will be given full basket of eligible incentives for respective category and location of the unit. If the unit applies in subsequent years of the policy period, the basket of incentives will be reduced by 5% for each year of delay in application. This provision will not be applicable to industries in thrust sectors. - Additional support to LSI units in Agro & Food Processing (secondary and tertiary processing units and Farmer Producer Companies for manufacturing/ processing activity only), Green energy/ biofuel and Industry 4.0. - Incentives to the LSI shall be given to promote quality competitiveness, research & development, technology up-gradation, water & energy conservation, cleaner production measures and credit rating. • **Mega and Ultra Mega Projects** Industrial units satisfying the minimum threshold limits of Fixed capital investment or Direct Employment prescribed (See Table 3, Annex) shall be classified as Megaprojects/ Ultra Mega Projects: • Government may consider providing customized package of incentives on case-to-case basis as deemed necessary for projects of special importance (may or may not be mega/ultra-mega projects), to be recommended by the High Power Committee (HPC) under the chairmanship of Chief Secretary and to be approved by the cabinet sub-committee. • Apart from Industries Departments Package Scheme of Incentives, Micro, Small, Medium, Large, Mega and Ultra-Mega Units are given incentives/ concessions by other administrative departments of State Government (e.g. Spinning Mills). The financial refunds / incentives to an industrial unit from all sources put together shall be admissible within the limit of 100% of fixed capital investment
Special Initiatives	• Industries in the underdeveloped districts - Additional fiscal incentives and period for availing these incentives, will be offered under PSI 2019 to MSMEs, large and mega projects in attar investments and generate employment in the following districts. a) Vidarbha, Marathwada, Ratnagiri, Sindhudurg and Dhule; b) No industry districts;

Area	Incentives
	c) Naxalism affected areas d) Aspirational districts - Threshold limit for creation of employment will be less than other areas for large and mega projects • Industries in Agro and Food processing, green energy/biofuel and industry 4.0 - eligible units (secondary and tertiary processing units and Farmer Producer Companies for manufacturing/processing activity only) to be granted 20% additional fiscal assistance - two-year additional eligibility period
Land	• Through MIDC, the state ensures availability of land (both developed and underdeveloped) to investors. • MIDC also creates land banks for industries and provides special fiscal incentives packages to projects of importance including emerging technologies. - Although large land banks are available in the state, considering the future industrial land requirement to facilitate Rs 10,000 billion of investment, MIDC shall create land banks across the state based on demand assessment. - The land earmarked for public health amenities in MIDC industrial estates shall be developed by concerned departments. Specially ESIC (Employees State Insurance Corporation) hospital facilities will be provided by concerned department as per needs and demand from industrial associations. - For sectors with same additional floor space index (FSI) (IT & ITeS, Biotechnology, Garmenting, Gems and Jewellery and Logistics & Warehousing) under the related policies of the State Government, interchangeability of land use shall be allowed with the approval of State Government. - Land owned by State Government or State Government Organization if required by MIDC for planned development will be made available at no cost.
Power	• MIDC ensures 24x7 power supply to its industries. • Under green industrial assistance for eligible units, Solar captive power plant will be considered as a part of admissible fixed capital investment for the purpose of incentives. A captive solar power plant will be defined as one wherein at least 80% of power generated is utilized by the unit annually.

Reference – Maharashtra Industrial Policy 2019

Annexure

Table 1: Eligibility Criteria to MSMEs

Taluka/Area Classification	Maximum Admissible Fixed Capital Investment	Ceiling as % of FCI	Eligibility Period (Years)
A	For the purpose of this policy, MSME shall include units as per the MSMED Act, 2006, as well as the units with FCI of up to Rs 500 million	-	-
B		30%	7
C		40%	7
D		50%	10
D+		60%	10
Vidarbha, Marathwada, Ratnagiri, Sindhudurg & Dhule		80%	10
No Industry Districts, Naxalism Affected Areas* and Aspirational Districts**		100%	10
***Naxalism affected areas as per Government Resolution No.: PSI -2013/ (CR- 54) /IND-8 Dated 1st April 2013 issued by Government of Maharashtra Industries, Energy and Labour Department. ** Aspirational Districts are Osmanabad, Gadchiroli, Washim and Nandurbar**			

Table 2: Eligibility Criteria to LSI

Taluka/Area Classification	Maximum Admissible Fixed Capital Investment (INR million)	Minimum Direct Employment (number of people)
A & B	7500	1000
C	5000	750
D	2500	500
D+	1500	400
Vidarbha, Marathwada, Ratnagiri, Sindhudurg & Dhule	1000	300
No Industry Districts, Naxalism Affected Areas* and Aspirational Districts**	1000	250
***Naxalism affected areas as per Government Resolution No.: PSI -2013/ (CR- 54) /IND-8 Dated 1st April 2013 issued by Government of Maharashtra Industries, Energy and Labour Department. ** Aspirational Districts are Osmanabad, Gadchiroli, Washim and Nandurbar**		

Note: For MSME units, the ceiling of fixed capital investment is Rs. 500 million. For units having investment more than Rs. 500 million & upto the minimum investment stipulated for large scale units in table 2 above, the industrial promotion subsidy shall be 40% of the SGST paid for the first sale of goods sold in Maharashtra and billed & delivered to the same entity. This incentive will not be applicable for units located in "A" & "B" zone.

Table 3: Eligibility Criteria related to incentives disbursement for mega and ultra-mega projects

Type of Unit	Taluka/Area of Classification	Minimum Admissible Fixed Capital Investment (Rs million)	Minimum Direct Employment (number of people)
Mega Industrial Units	A &B	15,000	2,000
	C	10,000	1,500
	D	7,500	1000
	D+	5,000	750
	Vidarbha, Marathwada, Ratnagiri, Sindhudurg & Dhule	3,500	500
	No Industry Districts, Naxalism Affected Areas* and Aspirational Districts**	2,000	350
Ultra-mega Industrial Units	Entire State	40,000	4,000

***Naxalism affected areas as per Government Resolution No.: PSI -2013/ (CR- 54) /IND-8 Dated 1st April 2013 issued by Government of Maharashtra Industries, Energy and Labour Department.**
**** Aspirational Districts are Osmanabad, Gadchiroli, Washim and Nandurbar**

Provided that:

A) Ultra-Mega/ Mega projects based on employment criteria shall be required to maintain the qualifying direct employment on rolls of the company throughout the year. If the employment criteria is not maintained for any period of the year, then Industrial Promotion Subsidy shall not be admissible for such year/s.

b) Minimum Direct Employment prescribed in the table above should be created within a period of three years from the date of commercial production.

c) The investment in Captive Power Plant shall not be considered for determining the qualifying criteria for eligibility as Mega Project/Ultra Mega Project.

d) 100% Captive Process Vendor (CPV) investment can be considered as a part of admissible FCI. However, CPV investment will not be counted for determining qualifying criteria as Mega/ Ultra Mega Projects

e) The present policy of MIDC regarding allotting plots on priority basis to mega and ultra-mega projects shall be continued.

Tamil Nadu

Overview

The state of Tamil Nadu has always been at the forefront of economic and industrial growth and is one of the leading states in the country in several industries such as automobiles, components, leather, textiles, information technology, electronic hardware and hi-technology industries, among others.

The Gross State Domestic Product (GSDP) of Tamil Nadu, at 2011-12 constant prices, stood at around INR.7918.24 billion during 2012-13, which grew at a compound annual growth rate (CAGR) of 6.52 %, between 2012-13 and 2021-22, to reach INR. 1,39,84.26 billion in 2021-22[24].

Industries in Tamil Nadu are aided with excellent infrastructure by the Tamil Nadu Industrial Development Corporation Ltd (TIDCO), State Industries Promotion Corporation of Tamil Nadu (SIPCOT), Tamil Nadu Industrial Investment Corporation Limited (TIIC), and Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO), which are jointly developing industrial infrastructure in the state.

The state has an installed power generation capacity of 35.14 GW, as of March 2022[25].

Total merchandise exports from the state stood at US$ 31.52 billion as of February 2022.[26]

In January 2021, the state approved 34 key investment proposals worth US$ 7.14 billion, which are likely to create more than 93000 jobs in sectors such as electronics, automobile and auto components, including electric vehicles and solar cell manufacturing.

The state has also set up the Tamil Nadu Industrial Guidance & Export Promotion Bureau with the objectives of attracting major investment proposals into Tamil Nadu.

Tamil Nadu attracted FDI inflows worth US$ 5.71 billion between October 2019 and December 2021[27].

During July 2021, the state exchanged 35 MoUs with cumulative investments of US$ 2.33 billion and employment opportunities for more than 55,000 people. [28]

The Government of Tamil Nadu has also taken up major initiatives along with promoting favourable investment policies to attract greater investments to the state from both domestic and foreign investors. The Government introduced the Tamil Nadu Industrial Policy 2021, which aims to build on the momentum generated by the State through the Industrial Policy of 2014. The policy has set new

[24] Calculations based on MOSPI data

[25] https://www.ibef.org/states/tamil-nadu

[26] https://www.ibef.org/states/tamil-nadu

[27] https://www.ibef.org/states/tamil-nadu

[28] https://www.ibef.org/states/tamil-nadu

goals including achieving annual growth rate of 15% in the manufacturing sector and attracting investments worth US$ 135 billion between 2020 and 2025[29].

State Incentives

Area	Incentives
Ease of Doing Business	• Single window Facility - The Tamil Nadu Business Facilitation Act and Rules 2017-18, introduced by the State Government covers 87 services offered by various departments with defined timelines for granting approvals/clearances at various stages of the business lifecycle. - All enterprises with a proposed investment in plant and machinery or equipment that exceeds INR 0.5 billion and turnover that exceeds INR 2.5 billion are eligible to make use of the current Single Window Portal. - Following interventions have been introduced to ensure requisite services are delivered to industries in a timely, transparent, and consistent manner: ✓ Ensuring adequate availability of information needed by investors in English/Tamil, for securing necessary clearances/approvals ✓ Onboarding all relevant government service providers to integrate remaining services ✓ Providing time bound clearances and deemed approvals for all identified clearances ✓ Developing a repository for common documents required for clearances ✓ Online facility for application for incentives ✓ Deploying an online tracking mechanism for all clearances, incentives, and communications. • Investor Facilitation Desk - Investor Facilitation Desks have been set up to: ✓ Provide information to entrepreneurs regarding the scope of setting up industries in Tamil Nadu ✓ Providing guidance regarding procedural aspects of starting industries, incentives, and facilities available ✓ Assisting in resolving problems faced by entrepreneurs while setting up an industry - A dedicated desk and portal called “Yaadhum Oorae” has been constituted for non-resident Tamils to encourage and

[29] https://www.indembassybern.gov.in/docs/1617966871Tamil_Nadu_Industrial_Policy_2021.pdf

Area	Incentives
	facilitate investments by the substantial Tamil diaspora spread across the globe. • Biz Buddy - Biz Buddy is the states' industry help desk portal, designed to help businesses report operational issues for resolution by various government departments, disbursal of incentives and approval of pre-establishment, establishment and operation clearances required, within 30 days on a best effort basis. It is developed on robust IT infrastructure to ensure seamless service for facilitating all regulatory services throughout the life cycle of the investment and operations. - The platform offers the following features: ✓ Tracking and monitoring the status of application through SMS and email notifications ✓ Serving as a mechanism for industries to share their ideas and suggestions for improving the states' industrial climate and crowdsourcing solutions for specific challenges
Incentives for Industries	• Eligibility and Definitions - Investment commitment ranges have been identified for the purpose of administering incentives (See Table 1, Annex) • Eligibility for Incentives - Projects in Manufacturing located in Tamil Nadu creating Employment for at least 50 persons will be eligible for incentives under this policy • Project Category & Standard Investment Period - The Project Category for (Sub-large, Large, Mega, Ultra-Mega) shall be determined based on Investment in Eligible Fixed Assets made withing the Standard Investment Period as defined in Table 1 (annex) • District Category - For administering fiscal incentives, districts of the state are classified as follows: ✓ "A" Category (4 districts) – Chengalpattu, Chennai, Kancheepuram and Tiruvallur ✓ "B" Category (12 districts) – Coimbatore, Erode, Karur, Krishnagiri, Namakkal, The Nilgiris, Ranipet, Salem, Tiruchirapalli, Tirupattur, Tiruppur, and Vellore. ✓ "C" Category (22 districts) – Ariyalur, Cuddalore, Dharmapuri, Dindigul, Kallakurichi, Kanniyakumari, Madurai, Mayiladuthurai, Nagapattinam, Perambulur, Pudukkottai, Ramanathapuram, Sivagangai, Tenkasi,

<table>
<tr><th>Area</th><th>Incentives</th></tr>
<tr><td></td><td>Thanjavur, Theni, Thiruvarur, Thoothukudi, Tirunelveli, Tiruvannamalai, Villupuram and Virudhunagar.
• Investment Period
- Investment period refers to the actual continuous time taken by the project from the commencement of investment/sanction of the G.O./ date of MoU in case of structured package, till the completion of the investment commitment. The Investment Period can be different from the Standard Investment Period.
• Investment Range & Investment
- The investment range is range of investment as in Table 1 (Annex) inclusive of the Minimum Investment and up to but not including the Maximum Investment. Investment refers to the cumulative Investment in Eligible Fixed Assets committed by the Project within the Investment Period.</td></tr>
<tr><td>Structured Package for Large & Above projects</td><td>• Investment Promotion Subsidy
- There are four possible options available to the company that they can choose from (mutually exclusive and one time choice)
✓ SGST Reimbursement for Final Products: 100% SGST payable on sale of final products manufactured, sold, and registered in the State shall be reimbursed for a period of 15 years from the date of commercial production or upon achieving the minimum eligible investment for Structured Package in the given district, whichever is later. This shall be applicable only to Projects that manufacture final products with a traceable end-use in the State. In case of expansion projects, base volume principle will be applicable.
OR
✓ Fixed Capital Subsidy: Projects can avail a fixed capital as provided in Table 2 (See Annex)
Fixed Capital Subsidy will be disbursed in equal annual instalments over the period prescribed below:
o 10 years for large projects in “B” and “C” districts and Mega Projects in “A” districts,
o 12 years for Mega Projects in “B” districts and “C” districts, and
o 15 years for Ultra Mega Projects in all districts
Large Projects in “A” District shall be eligible for a back-ended fixed capital subsidy of INR 10 million
OR
✓ Flexible Capital Subsidy: This option is a flexible, objective, transparent, and risk-free subsidy for investors compared</td></tr>
</table>

Area	Incentives
	to the indirect-tax based reimbursements that are subject to market risk and extended over a long period of time. The provision is a first of its kind, as it provides the investor choices of customizing incentive package by choosing the weights of boosters that are best suited to maximize the subsidy based on their business mode. Policy offers the following features: o The Policy offers a maximum Capital Subsidy of 35% of EFA for “A” Districts, 37% for “B” districts and 40% of EFA for “C” Districts. This comprises of standard subsidy of 5% to all eligible projects and additional incentives of up to 35% of EFA depending on boosters based on location, employment, exports, ecosystem creation and if it is in a sunrise sector. OR ✓ Turnover-based Subsidy (TBS): Mega and ultra-mega projects creating a minimum employment of 2000 jobs within the Investment period can avail TBS instead of the Fixed or Flexible Capital Subsidy. TBS will be available as a % of the Turnover in each financial year. o The Company can choose to avail the TBS from the date of commercial production or upon achieving the minimum eligible investment for Structured Package in the given District, whichever is later, up to a cap of 4% of cumulative investment in Eligible Fixed Assets per annum for a period of 10 years. o If the project creates employment for more than 4000 jobs within the investment period, the company shall be eligible for drawing a higher percentage of turnover subsidy, depending upon the district category, from the year of achieving the higher employment, as specified in Table 3 (Annex) • Training Subsidy: Skilling support can be availed in the form of a Training Subsidy of Rs. 4000 per worker per month for 6 months for residents of Tamil Nadu. The subsidy shall be Rs 6000 per worker per month for 6 months for women and transgender employees, persons with benchmarked disabilities and persons from SC/ST communities. • Land Cost Incentive: For eligible projects in SIPCOT in “A” and “B” districts, land allotment will be made at a 10% concessional rate and at a 50% concessional rate in “C” districts for land up to 20% of EFA.

Area	Incentives
	• Interest Subvention: Interest Subvention of 5% as a rebate in the rate of interest shall be provided to Ultra-Mega Projects only on actual term loans taken for the purpose of financing the project, up to INR 0.04 billion per annum for a period of 6 years. • Standard Incentives: Following incentives are available for Large, Mega and Ultra-Mega Projects ✓ Electricity Tax Incentive: New or expanding manufacturing projects will be given an electricity tax exemption for a period of 5 years on power purchased from Tamil Nadu Generation and Distribution Corporation Ltd. (TANGEDCO) or generated and consumed from private sources. ✓ Stamp Duty Incentive: 50% concession on stamp duty payable on lease or purchase of land/shed/buildings meant for industrial use, shall be offered to parks promoted by SIPCOT in “A” & “B” category districts. 100% concession on stamp duty payable on lease or purchase of land/shed/buildings meant for industrial use meant for industrial use, shall be offered to parks promoted by SIPCOT/SIPCOT JV/IDCO in all “C” districts. ✓ Green Industry Incentive: Industrial projects undertaking green initiatives for recycling waste and water for industrial use and sustainable energy usage, coupled with online monitoring (wherever applicable) shall be eligible for a 25% subsidy, on the cost of setting up such environmental protection infrastructure in the following solution areas, subject to a limit of INR 0.01 million. o Safety & Energy Efficiency Solutions o Water Conservation Solutions o Greening solutions o Pollution Control Solutions ✓ Quality Certification Incentive: A subsidy of 50% of the total cost incurred for obtaining certification, as certified by the Chartered Accountant, limited to INR 2.5 million for the period of investment shall be given to industrial projects obtaining certifications like ISO, ISI, BIS, FPO, BEE, AGMARK and ECOMARK, or any other national or international certifications, as notified from time to time. ✓ Intellectual Property Creation Incentive: The Government will reimburse 50% of the expenditure incurred by the Project subject to a maximum of INR 3 million, for the

Area	Incentives
	period of investment for a patent, copyright, trademarks, Geographical Indicators registration. • SGST Refund on Capital Goods: If a company faces an inverted tax structure due to which it is neither able to utilize the Input Tax Credit (ITC) on capital goods for payment of output tax, nor able to obtain a refund of the same, the State Government will refund the input SGST paid on capital goods withing the standard investment period, to the extent ITC is admissible under TNGST Act, 2017. The refund shall be provided from commercial production, in five equal instalments.

Reference Document: Tamil Nadu Industrial Policy 2021

Annex

Table 1: Investment Commitment Range for Project Category

Project Category	Investment Commitment Range (in INR billion.)		Standard Investment Period
	Minimum Investment	Maximum Investment	
Sub-Large	0.5	3	4 years
Large	3	5	4 years
Mega	5	50	4 years
Ultra-Mega	50	-	7 years

Table 2: Fixed Capital Subsidy (%EFA)

Fixed Capital Subsidy (%EFA)			
Project/District Category	Large (INR 3 billion – INR 5 billion & 150 jobs)	Mega (INR 5 billion – INR 50 billion & 400 jobs)	Ultra-Mega (> INR 50 billion & 2000 jobs)
"A" District	-	10%	20%
"B" District	10%	12%	22%
"C" District	12%	15%	25%

Table 3: Turnover-based Subsidy

Turnover-based Subsidy (% Turnover) for Mega and Ultra Mega Projects (Investment > INR 5 billion)		
District Category	Employment > 2000 jobs	Employment> 4000 jobs
"A"	1.5%	1.75%
"B"	1.75%	1.8%
"C"	1.8%	2%

CII Services

Global outreach | Market Facilitation Services | CII and France

Facilitating Global Outreach of Indian Companies

The Confederation of Indian Industry's (CII) unique worldwide network of partnerships with Governments (both at federal and provincial levels), legislators, industry institutes, academia, think tanks, media, Indian diaspora and multilateral agencies forms the foundation of the organization's international endeavors. A vast network of counterpart organizations enables Indian Industry's efforts to reach different parts of the world.

Meetings with Heads of States, decision makers and business delegations led by CII Members are an effective platform for Indian businesses to develop mutually beneficial global partnerships. In a dynamic and fast evolving global environment, CII's Missions for Indian Business Leaders open up bilateral business opportunities through direct dialogue and exchange of ideas, concerns & priorities.

Facilitating Investment from Overseas

CII International, the focal point for international companies seeking to do business with India, offers a range of business development, information & knowledge, and networking services. CII platforms such as the India Business Forums, Regional & Bilateral Conclaves, Business & CEOs Delegations, CEO Forums amongst others have been facilitating investment into India for decades.

Policy Advocacy for Promoting Market Access for Indian Companies

CII International, being the global voice of Indian industry, engages with Government of India as well as foreign Governments to address policy level challenges facing Indian industry. Some of the steps CII takes to enhance market access for Indian exporters include:

- Identifying and addressing challenges of the small sector to improve their competitiveness
- Promoting cooperation with counterpart organizations
- Adopting a proactive and partnership approach with foreign governments on international issues concerning Indian economy

Deep rooted engagement with the Ministry of Commerce and Industry, Ministry of External Affairs, and overseas Indian missions as well as with the Industry enables CII to communicate the larger picture while highlighting policy issues confronting Indian Industry in international markets. Such engagement and understanding of the global issues, also come to bear in CII's inputs on bilateral and multilateral trade agreements as well as measures that can boost India's bilateral trade and investments.

CII and France

CII has had a representative office in France since 2000, with the objective of providing a further fillip to its relationship with France.

CII has a strong network of 7 MoU partners in France that helps in increasing CII reach in France and plays an important to role in providing a bridge between Indian and French industries across all sectors.

MoU Partners

- MEDEF International - in trade and industry
- Chamber of Commerce and Industry Paris (CCIP) - in trade and industry
- Chamber of Commerce and Industry France India (CCIFI) - in trade and industry
- The French Naval Industry Group (GICAN) - in Defence
- French Land and Defence Manufacturers Association (GICAT) - in Defence
- French Association of Aero Space Industries (GIFAS) – in Defense
- ANIA – in agri and food

CII is the Secretariat from the Indian side for the Indo-French CEOs Forum. Since its inception in 2009, the forum has been active in identifying new avenues for cooperation and take initiatives to facilitate business links between India and France.

CII has active MoUs with Defence Trade bodies in France like GICAT, GICAN & GIFAS. A high-level delegation comprising representatives from some of the top French Defence and Aerospace companies visited India in April 2018, led by the French Aerospace Industries Association GIFAS. CII and Society of Indian Defence Manufacturers (SIDM) hosted a series of seminars and business meetings for them in Delhi, Bangalore, and Hyderabad. SIDM signed a MoU with GIFAS during this visit. Recently on 21 February 2019, on the side-lines of Aero-India 2019 in Bengaluru, CII and SIDM in conjunction GIFAS organised a seminar on Indo-French Defence & Aerospace Cooperation, where the focus was on building an Integrated Global Supply Chain.

CII has been coordinating the India participation at Cannes for the last 15 years, positioning the Indian Entertainment industry on the global landscape. Leading players from the Indian entertainment industry has also participated at the India Pavilion Organized by CII.

In India, CII has been working closely with Business France India over the years, including with its predecessor, Ubifrance Business France has several sectoral heads in its team in Delhi with whom various CII divisions are connected for various initiatives and activities.

Lastly, CII has been sending CEOs / Business delegations to France for exploring business opportunities.

CII Market Facilitation Services

CII launched Market Facilitation Services (MFS) to offer targeted trade and investment facilitation services to Indian companies looking to expand business operations in global markets. A consultancy service, MFS is part of CII's constant efforts to reorient activities to keep pace with changing paradigms in the global trade and investment ecosystem.

MFS aims to assist member-companies interested in entering new markets through trade and investment facilitation projects. The service entails fee-based, bespoke firm-level advisory services for specific requirements of individual member-companies by way of the following deliverables:

1. **Export advisory reports:** With the objective of providing members a deep dive into the export potential of identified products at the 6-digit HS Code level, these reports detail the following:
    i. Shortlisting of products at the 6-digit HS Code level
    ii. Calculating India's revealed comparative advantage (RCA) for each shortlisted products to ascertain maximum exports potential
    iii. Exports' CAGR of top RCA products
    iv. Analysis of top importers and imports' CAGR of top RCA products
    v. Analysis of BoT negative markets to identify countries that import products for consumption rather than re-exports
    vi. Analysis of import propensity index (IPI) of BoT negative markets
    vii. Analysis of India's FTAs with shortlisted markets
    viii. Matrix of top RCA products + best export markets + tariffs and NTBs imposed on each 6-digit product shortlisted
    ix. A further drilling down to the NTL level for each country to highlight customisations popular in each country
    x. List of importers for each top RCA product in each shortlisted country; list of trade fairs/events (if any) in shortlisted countries

2. **Market analysis reports:** For detailed sector-specific information, MFS ties up with partner-consultancy firms in identified countries to prepare reports that focus on providing customised market research on the following aspects:
    i. Sectoral overview and value chain
    ii. Market structure
    iii. Market size, trends and drivers
    iv. Demand and supply dynamics
    v. Profiling of key stakeholders
    vi. Consumer segmentation
    vii. Key developments, distribution and marketing channels
    viii. Key competitors and agents, distributors, or strategic partners (if any) in the market
    ix. Market intelligence for identifying the relevant projects/potential customers in the target segments in regions of interest
    x. Assess the market potential of these products in identified target markets
    xi. Trade and investment developments in the sector

- xii. Investment opportunities
- xiii. Sectoral SWOT analysis

3. **Investment advisory reports:** For members looking at entity incorporation or investing in identified countries, MFS prepares investment advisory reports that offer the following information:
   - i. Identify and enumerate possible business entity structuring option available for undertaking business in identified country
   - ii. Assessment of the identified business structuring options
   - iii. Various forms of business entities associated with these options (limited liability co., branch, etc.)
   - iv. Detail taxation and legal aspects associated with various business structures
   - v. Comparative evaluation of these options considering the relative pros and cons, along with relevant tax and legal considerations
   - vi. Shortlist the appropriate entity structuring option
   - vii. Information on entity incorporation steps
   - viii. Information on labour laws and regulations, minimum wages, etc.
   - ix. Documentation support for setting up the entity
   - x. Assistance with government liaisoning, if needed

4. **Partner identification:** In case member-companies are interested in exploring partnership options in identified countries, MFS can assist in the following manner:
   - i. Identification of potential partner firms
   - ii. Outreach to potential partner firms
   - iii. Preparing an in-depth profile of interested firms; information may be limited for private companies that are not listed
   - iv. Company profile with general background, product portfolio, financial data and key officials
   - v. References contacted by CII
   - vi. Establishing contacts through virtual introductions via emails and/or telecon

Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, with around 9000 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from 286 national and regional sectoral industry bodies.

For more than 125 years, CII has been engaged in shaping India's development journey and works proactively on transforming Indian Industry's engagement in national development. CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

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

As India completes 75 years of Independence in 2022, it must position itself for global leadership with a long-term vision for India@100 in 2047. The role played by Indian industry will be central to the country's progress and success as a nation. CII, with the Theme for 2022-23 as **Beyond India@75: Competitiveness, Growth, Sustainability, Internationalisation** has prioritized 7 action points under these 4 sub-themes that will catalyze the journey of the country towards the vision of India@100.

With 62 offices, including 10 Centres of Excellence, in India, and 8 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with 350 counterpart organizations in 133 countries, CII serves as a reference point for Indian industry and the international business community.

Confederation of Indian Industry
The Mantosh Sondhi Centre
23, Institutional Area, Lodi Road, New Delhi – 110 003 (India)
T: 91 11 45771000 / 24629994-7
E: info@cii.in • **W**: www.cii.in

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Reach us via CII Membership Helpline Number: 1800-103-1244