Confederation of Indian Industry

INDIA AND REPUBLIC OF KOREA
BUSINESS COOPERATION

Sourcing from India, Investing in India

November 2021

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Introduction

India and the Republic of Korea (ROK) enjoy historical ties that have been cemented by shared cultural bonds and a joint commitment to democratic and economic values and systems for peace and prosperity. Bolstered by regular two-way political exchanges at the highest levels, the economic partnership has flourished and today, plays a central role in the overall engagement of the two countries.

ROK companies have been proactive in the Indian market, with a long-term strategy to derive gains from the growing population, meet the requirements of Indian consumers and also access overseas markets from India. Similarly, Indian companies have found lucrative opportunities in ROK, investing in key resources and sectors.

At the same time, the potential of bilateral economic engagement remains immense, with India as a rapidly expanding large economy set on a path of definitive economic reforms and ROK as a vibrant and innovative economy with a strong global footprint.

This relationship assumes added significance when the Covid-19 pandemic and health crisis has encircled the world, crippling growth, and limiting business opportunities. The repercussions of the pandemic are expected to extend for years, even as the International Monetary Fund in its October 2021 outlook lowered global output expectations to 5.9% for 2021 and 4.9% for 2022. The unprecedented developments necessitate redefined strategies for both economies and businesses, with policymakers concentrating on economic stability and managing winding down the stimulus packages and supporting enterprises while businesses, large and small, strengthen their resilience.

In this new normal that is emerging, the two economies of India and ROK enjoy key mutual complementarities that can drive closer business engagement. India's economy benefits from a large and well-diversified manufacturing economy that is based on rich natural resources. The sector covers the entire gamut of raw materials, intermediates, and finished goods as well as high-technology, high-skill, and high value added products. Recent reforms in ease of doing business and indirect taxes have helped the Indian manufacturing sector to spread across the country, while making progress on innovation and new product development.

India's services sector comprises the major share of output, evolving into a dynamic and progressive component of the economy across many segments. Over 1,000 top global companies have set up design and development centres in the country, employing about 1 million engineering and technical professionals to develop products and software for the world. India's business process outsourcing services have a market share of about half of global exports in the segment. A well-regulated financial services industry serves businesses including through advanced financial technologies.

The country is developing infrastructure at a fast pace to meet existing gaps. The Government has instituted a National Infrastructure Pipeline of identified projects totaling capital expenditure of US$ 1.4 trillion (Rs 111 trillion) for 2020-2025, of which many are already under implementation. Energy, roads, urban and railway facilities account for a major part of this expected expenditure.

All these sectors converge well with ROK's economic strengths. An advanced economy with a high per capita income, South Korea has emerged as a global economic powerhouse based on a strong manufacturing sector, highly innovative systems, and productive workforce. Ranking 6th as a global manufacturing nation, it has built formidable capacities in advanced manufacturing sectors including IT products, automotive, chemicals, steel and shipping. Its top exports include semiconductors, petrochemicals, flat displays and so on.

ROK is now progressing to build industrial innovation in emerging sectors of future vehicles, energy, IoT based home appliances, biotechnology and healthcare and next-gen semiconductors and display. It has embarked on a strategy to unlock innovation and R&D led by small and medium enterprises. Strongly plugged into global value chains, South Korea stands as an important nodal point for the world economy.

This report outlines the details of India's economic structure as well as recent reforms. Through an innovative economic tool, it identifies top products manufactured in India that can be best sourced by Korean industry. 51 such products are identified at the 6-digit HS code level, where ROK's imports are over US$ 250 million.

The report also identifies a list of products which can be effectively sourced from India to be a part of the South Korean global value chain.

Additionally, investment potential across sectors in India based on South Korea's strengths and future plans is highlighted in the report, covering sectors in manufacturing, infrastructure and services as well as emerging sectors of cooperation.

The report provides an in-depth study of key Indian states which have strengths aligned to South Korea's interests. The investment climate and incentives for investments offered by these states are detailed as a guide to South Korean companies seeking investment locations in India.

With its wide network of offices across the country and deep bonds with South Korean Government and industry associations, CII is well placed to facilitate and assist ROK companies in exploring and initiating new sourcing potential as well as new investment opportunities in India. It can also enable a connect of Indian and ROK businesses, especially small and medium enterprises, for forging reliable and effective partnerships. This will help contribute to the overall bilateral economic and political relationship.

Strategic Bilateral Context

A close and deep relationship, India and ROK together have built a multidimensional and multifaceted engagement founded on a shared history of cultural interchanges and mutual respect. The two countries established diplomatic relations in December 1973 and over the last ten years, the exchange of high-level visits has gained frequency, testifying to the deepening of bilateral relations and imparting momentum in new directions. ROK is an indispensable partner in India's 'Act East' policy while India is a central pillar of ROK's 'New Southern Policy'.

With President Dr APJ Abdul Kalam's visit to ROK in 2006, the joint task force on Comprehensive Economic Partnership Agreement (CEPA) was launched. Post the discussions, the CEPA came into force from 1 January 2010, among very few such agreements that India has signed so far.

Bilateral relations were developed to the level of Strategic Partnership during the historical visit of President Lee Myung-bak to India as Chief Guest at India's Republic Day celebrations in 2010.

Prime Minister Shri Narendra Modi visited South Korea in May 2015, within a year of assuming office in his first term. This resulted in upgradation of the relationship to a Special Strategic Partnership. The Joint Statement also touched upon cooperation in steel, shipbuilding, fruits and vegetables, green economy, and smart cities. Agreements were signed for Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, cooperation in audio-visual co-production, cooperation for electricity development and new energy industries, road transport and highways, and maritime transport and logistics.

Space sector emerged as an area of collaboration with deep space cross-tracking and communication support, sharing of data on lunar surface, and cooperation between Indian Space Research Organisation (ISRO) and Korea Aerospace Research Institute (KARI). The two sides have also signed the civil nuclear cooperation agreement.

During the visit of President Mr. Moon Jae-in to India in July 2018, the shared vision for peace and prosperity was elaborated. ROK expressed willingness to partner in India's flagship initiatives of Make in India, Skill India, Digital India, Startup India, and Smart Cities. An upgraded CEPA through finalisation of elements of Early Harvest Package was agreed upon. The two countries decided to work towards the goal of raising the bilateral trade value to US$ 50 billion by 2030.

Prime Minister Modi's visit to ROK in February 2019 added cooperation in startups and road transport. The two countries initiated the India-Korea Future Strategy Group and India-Korea Centre for Research and Innovation Cooperation.

These summit-level interactions have enabled the relationship to flourish in different sectors with strong mutual understanding. Apart from economic areas, talks between the two sides have included people-to-people engagement, cultural links, and defence exchanges. Strategic affairs for prosperity and security are areas of common perception with both sides recognising the importance of freedom of navigation, unimpeded lawful commerce, and peaceful resolution of conflict through dialogue.

CII and Chosun Group conducted the first India-Korea Business Summit in January 2016 and the second in February 2018. Chief ministers and ministers of industry from various Indian states have visited South Korea to take forward economic engagement and attract Korean investments.

Science and technology is a special area of strong cooperation and an agreement was signed in 2014, with a funding mechanism for academic institutes from India and ROK for joint projects. This covered areas such as digital transformation, future manufacturing, energy efficiency and healthcare over the years. Joint R&D projects in renewable energy, materials science, robotics and engineering sciences and health sciences have been implemented. Areas such as cleantech, automation and electronics system design and manufacturing have also been covered.

Korea's response to Coronavirus has been appreciated across the world. It deployed a strategy of 3T, Test, Trace, Treat, to keep the contagion numbers low without resorting to strict lockdown. While a second wave of cases was feared, the numbers remained low and manageable.

Comprehensive Economic Partnership Agreement

India and South Korea signed a landmark Comprehensive Economic Partnership Agreement covering trade in goods and services, investment, competition, and intellectual property rights issues. This followed intensive discussions on a fast-track mode over 12 rounds in three years. It was signed in Seoul in August 2009 and implemented from 1 Jan 2010.

As per the original agreement, ROK phased out or reduced tariffs on 90% of Indian goods over ten years while India reduced tariffs on 85% of Korean goods. 163 professions were covered for movement of professionals to South Korea.

Under services trade, commitments have been made for all sectors under the GATS framework, extending to national treatment, market access, and domestic obligations, among others, while not covering safeguards, subsidies, and procurement. For certain sectors such as telecom, financial services, audio-visual services and movement of natural persons, additional terms of trade are included.

The CEPA was further reviewed and upgraded in 2018 with reduction in customs duties on 11 tariff lines, early harvest package for 35 items, and addition of a couple of sports professions to the list.

The investment section relates to assets and outlines definition of investors. It includes requirement of substantial business activity without going into control of legal entities. The treaty excludes taxation, subsidies, grants, and government procurement and covers investor-state dispute settlement. It provides relative right to compensation, Most Favoured Nation and National Treatment, transfer of funds and so on.

Since CEPA was signed, bilateral trade went up in alignment with the trade performance of both countries. However, notable potential remains to be tapped under the terms and conditions available for trade and investment, particularly with respect to sourcing of goods from India and integration of India into South Korean value chains.

Korea Plus

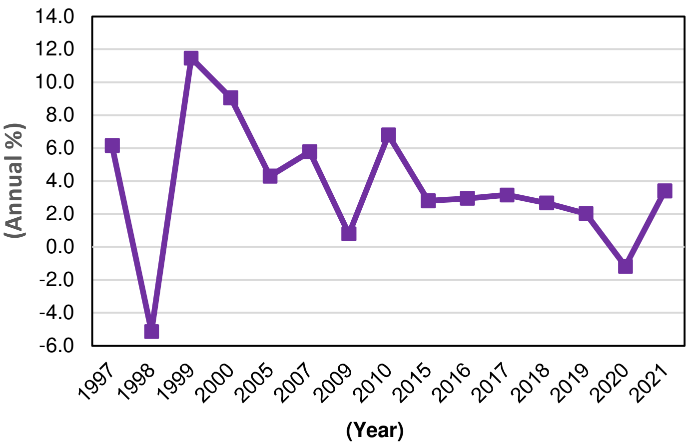
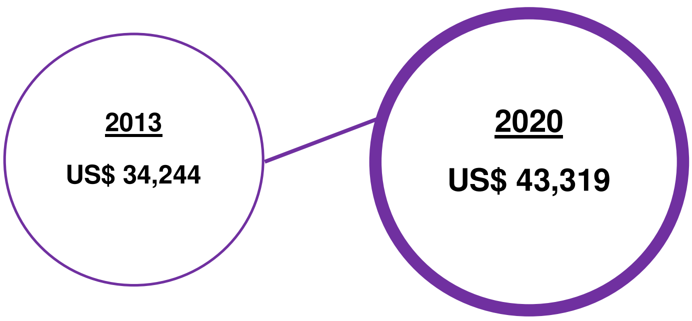
Korea Plus was initiated in 2015 by the Indian Government as a special desk to provide support and assistance to ROK companies for new investments in India. Implemented from 2016, it brings together central and state governments, industry associations and corporates to facilitate Korean investments. It is run by Invest India which provides information as well as handholding support to fast-track investments from South Korea. The desk serves as a single window and one-stop shop for ROK companies, including those belonging to the small and medium sector. In the first two years of operation, Korea Plus helped about 100 Korean companies in doing business with India.


CHILDREN'S EDUCATION
EARLY RETIREMENT
FINANCIAL STABILITY
PROTECTION FOR THE FAMILY

Economic Context

South Korea economy | Indian economy
South Korea trade profile | India trade profile

SOUTH KOREA MACROECONOMIC ENVIRONMENT

ECONOMIC INDICATORS	TRENDS ANALYSIS
OVERALL GDP GROWTH  **Source:** IMF World Economic Outlook 2021	• South Korea's GDP growth rates fluctuated substantially during the period 2000–10, with GDP growth rate averaging 5.1% during this period. Following the global financial crisis in 2009, South Korea witnessed the fastest recovery amongst the OECD countries. Although its economy has still not returned to pre-crisis growth rates, it has displayed stable GDP growth rates averaging 2.7% during the period 2015-19. • In its October 2021 revision of the World Economic Outlook, the International Monetary Fund (IMF) has projected that the South Korean economy will grow at 4.3% citing rising vaccination rates and robust exports as key factors that can drive economic growth in the nation
GDP PER CAPITA, US$ CURRENT PPP  **Source:** Country Statistical Profile: Korea 2021, OECD	• With a per capita GDP of over US$ 43,319 (current US$ PPP terms) in 2018, South Korea is a high-income country with one of the highest levels of per capita GDP amongst the OECD countries. • The per capita GDP measured in current US$ PPP terms increased by 1.3 times during the period 2013 to 2020, registering a high CAGR of 3.4% during the period. • Historically robust economic growth rates have contributed to a consistent rise in the per capita incomes of the South Korean economy.

SOUTH KOREA MACROECONOMIC ENVIRONMENT

ECONOMIC INDICATORS

ECONOMIC STRUCTURE: SHARE IN REAL VALUE ADDED (%)

SECTORS	2013	2014	2015	2016	2017	2018	2019
Agriculture, forestry, fishing	2.3	2.3	2.3	2.1	2.2	1.9	1.8e
Industry, including energy	33.5	33.1	33.1	33.0	33.6	31.3	29.9e
Construction	4.9	5.0	5.2	5.7	5.9	5.9	6.0e
Trade, repairs, transport, accommodation, food services	15.1	14.9	14.9	15.0	14.4	13.7	13.7e
Information, communication	3.9	3.9	3.8	3.8	3.7	4.6	4.7e
Finance and insurance	5.6	5.6	5.5	5.4	5.5	6.0	6.0e
Real estate	7.9	8.1	8.1	7.9	7.8	8.0	8.1e
Professional, scientific, support services	7.3	7.4	7.5	7.4	7.4	9.5	10.0e
Public administration, defence, education, health, social work	16.7	16.9	16.9	17.0	17.1	16.5	17.3e
Other services	2.7	2.7	2.6	2.6	2.5	2.6	2.6e

Source: Country Statistical Profile: Korea 2021, OECD

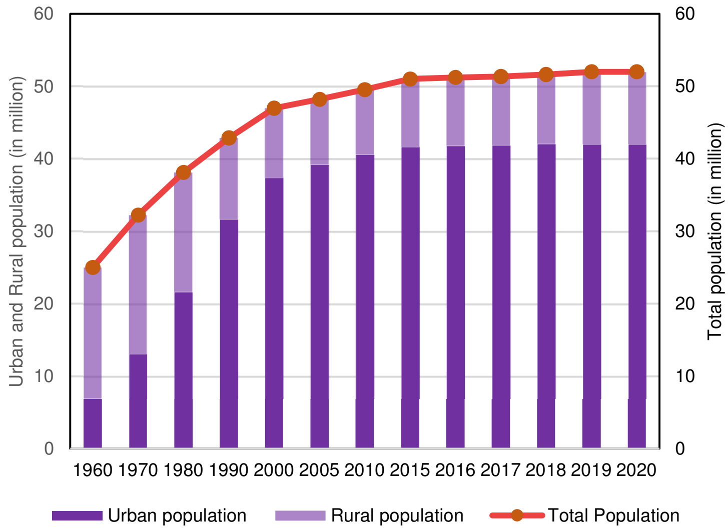
TRENDS ANALYSIS

- The contribution of the various sectors – agriculture, industry and services – to the South Korean economy has remained largely unchanged during the period 2013-18.
- As regards the economic structure of the South Korean economy, the services sector commands a majority share of 60.9%, followed closely by industry accounting for a sizeable share of ~37% in real value added in 2018. This clearly points towards the successful transition of the South Korean economy from manufacturing-led growth to services-centric economic growth.
- Services, which have come to contribute the maximum share of the country's GDP, mainly comprise sectors such as trade, transport, accommodation, real estate, and professional services.
- Agriculture's contribution to the economy's GDP is almost negligible with a meagre estimated share of 1.8% in 2019.

SOCIO-ECONOMIC CONTEXT

INDICATORS	TRENDS ANALYSIS

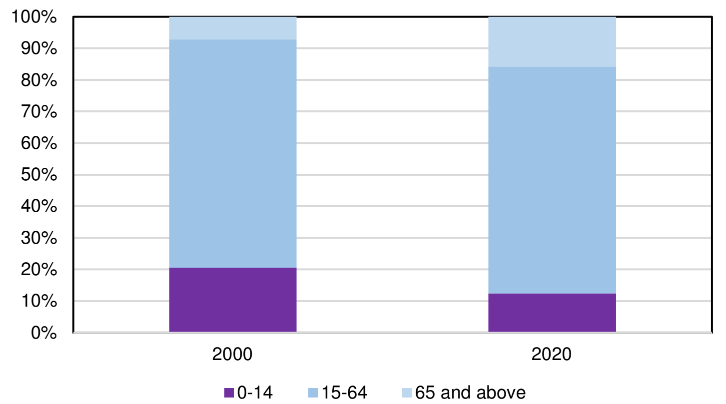
URBANISATION LEVEL



Source: World Development Indicators, World Bank

- Registering a population growth rate of 0.6% during the period 2000-20, South Korea's total population stood at 52 million in 2020, up from 47 million in 2000.
- South Korea has emerged as one of the most urbanised economies in the world with a substantial percentage of its population (81%) residing in urban areas.
- With an already-high urban population base, the country's urban population growth rate has slowed down considerably, with its urban population increasing at a CAGR of 0.6% from 37 million in 2000 to merely 42 million in 2020.

AGE-WISE DISTRIBUTION OF POPULATION



Source: MFS Analysis, World Development Indicators, World Bank

- The age-wise composition of the South Korean population has undergone some changes over the period 2000 to 2020.
- The population in the working age group of 15-64 years accounted for the largest share (72%) of the country's total population in 2020. This percentage share of the working age group population has remained almost constant during the period 2000–20.
- While the percentage share of the country's dependent population in the age group of 0–14 years has declined from 21% in 2000 to 13% in 2020, there is a corresponding rise in the percentage share of the elderly population in the age group of 65 years and above from 7% in 2000 to 16% in 2020.
- Amongst all the age groups, it is the elderly population in the age group of 65 years and above that has recorded the maximum growth rate of 5%, followed by the working age population registering an extremely modest growth rate of 0.5% over the period 2000 to 2020. There is a deceleration in the growth of the dependent population showing a negative growth rate of -2.2% over the period 2000 to 2020.

South Korea Macroeconomic and Socioeconomic Environment

The trend analysis as described above has implications on South Korea's attractiveness from the perspective of trade and investment. These are summarised below:

INDICATORS	IMPLICATIONS FOR ATTRACTIVENESS OF TRADE AND INVESTMENT CLIMATE
Overall GDP growth and trends in GDP per capita, current US$	**Medium, satisfactory impact** • After a slowdown in economic growth in 2009 and subsequent economic recovery followed by deceleration in economic growth in 2020 due to the COVID-19 pandemic outbreak, the South Korean economy is projected to rebound with a GDP growth rate of 4.3 % in 2021. • High per capita incomes translate into high disposable income in the hands of the consumer. • Although the economy is expected to rebound in 2021, the growth momentum is expected to rise due to robust exports and high vaccination rates.
Economic structure: share in real value added (%)	**High, positive impact** • The composition of the economic structure of South Korea has remained consistent over a period of time with the share of agriculture, industry and services remaining almost unchanged over the period 2013–18. • High share of both the services and industry sectors implies that South Korea is an attractive investment destination for high-end manufacturing.
Urbanisation level	**High, positive impact** • With cities being the engines of industrialisation and economic growth, South Korea's high urbanisation levels exceeding 80% offer increased opportunities for business and investment in several areas, such as infrastructure, consumer and retail, and financial services. **SECTORAL OPPORTUNITIES** **Infrastructure** **Retail and consumer** **Financial services**

INDICATORS	IMPLICATIONS FOR ATTRACTIVENESS OF TRADE AND INVESTMENT CLIMATE
Age-wise distribution of population	**High, positive impact** • The high proportion of South Korea's working age population implies increased demand for a number of services such as education, skill development, healthcare, IT and ITeS, retail, consumer durables — all of which will generate opportunities for investment in these sectors. • Increasing numbers of the elderly population is bound to translate into increased demand for healthcare, pensions, etc., thus creating opportunities in healthcare and financial services. **SECTORAL OPPORTUNITIES** **Healthcare, medicine** **Financial services** **Retail and consumer** **Schools, education**

Over the past year, the Korean government's actions have been very successful in limiting the severity of the COVID-19 outbreak and lessening its economic impact. Korea also deployed a comprehensive economic response featuring fiscal support to help affected workers and businesses, and measures to rapidly stabilise financial markets and ensure ample availability of credit. Exports have rebounded, driven by pandemic-induced increases in online activities, cushioning business investments. However, it may be noted that services and consumption shares of the Korean market remain below pre-pandemic levels and would take longer to reach normalcy.

India Macroeconomic and Socioeconomic Environment

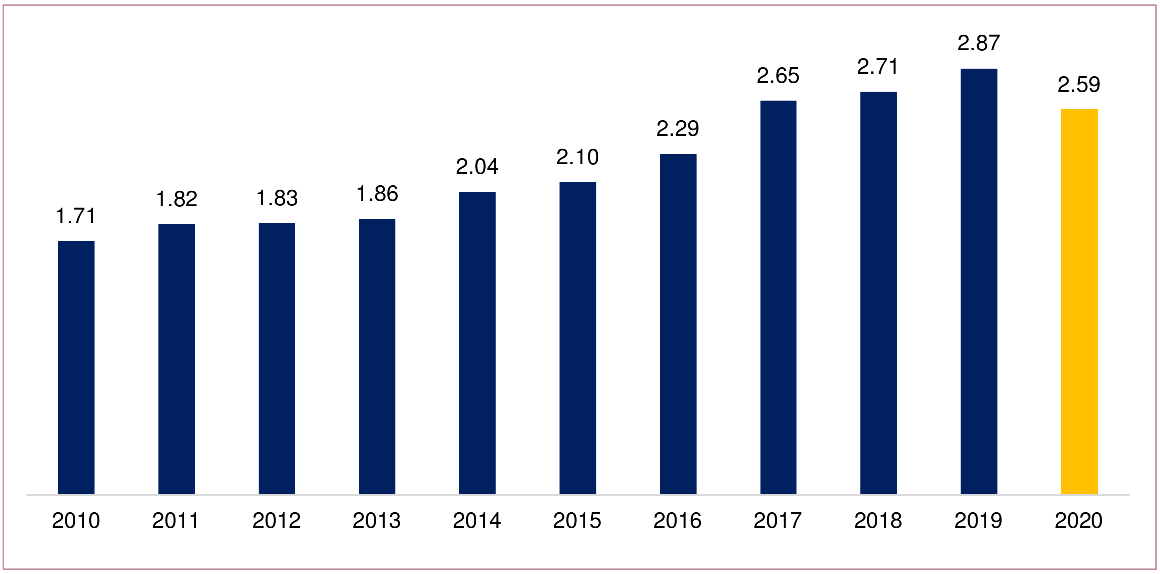
India Macroeconomic environment

India's ascent as the fastest growing major economy in the 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$ 2.59 trillion in 2020. Though the COVID-19 pandemic has disrupted the economic momentum temporarily, India continues to remain an attractive investment destination. On a comparative basis, India is currently the 6th largest economy just behind UK and Germany. However, on purchasing power parity (PPP) terms, India is currently the 3rd largest economy.

A strong agenda of economic reform policies that has been instituted, including implementation of Goods and Services Tax (GST), Insolvency and Bankruptcy Code, and liberalisation 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 favoured investment destination and a focal point for the global economy.

As per IMF's World Economic Outlook's April 2021 report, India is slated to grow at 9.5% in 2021 and 8.5% in 2022, the fastest growing among the emerging market and developing economies, and among the fastest growing large economies in the world for these years.

Chart 4: India's Nominal GDP (US$ trillion)



Source: IMF

Between 2015-16 and 2019-20 (provisional estimates)[1] as per the Department for Promotion of Industry and Internal Trade (DPIIT), India received total FDI flows to the tune of US$ 313 billion, with 2019-20 alone seeing flows worth more than US$ 74 billion, recording a steep jump of 20% on-year basis.

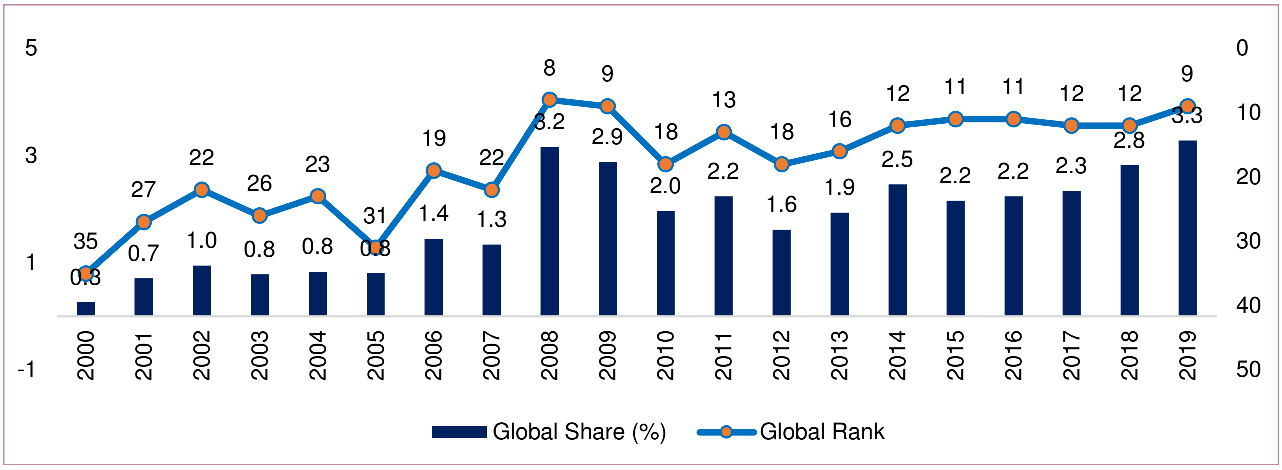
Between April 2020 and March 2021, India received FDI inflows worth US$ 59.6 billion as compared to US$ 50 billion, received during the corresponding period in 2019, registering a growth rate of 19% over the last year.

Cumulative FDI inflows into India between the April 2000 to March 2021 is recorded at US$ 764 billion.

The country has seen robust FDI flows coming in from key tech majors such as Facebook, Microsoft and Amazon over the years, reflecting India's positive medium to long-term growth prospects. India's attractiveness as an investment destination has also grown in the wake of many notable reforms introduced by the government under the ambit of the Aatmanirbhar Economic Stimulus Package to combat the fallout of the pandemic.

1 https://dipp.gov.in/sites/default/files/FDI%20Factsheet%20December%2020.pdf

Chart 5: India's Share and Rank in Global FDI Flow



Source: UNCTAD Global Investment Report 2020

Cumulative stimulus announced by the government and the central bank during 2020 for mitigating the impact of the pandemic was worth Rs 29.87 trillion or around 15% of GDP. It was one of the largest packages globally and has played a key role in ensuring resilience of the Indian economy. Many transformational reforms which formed a part of the package such as liberalisation of FDI norms, changing the definition of micro, small and medium enterprises, and labour reforms, among others have paved the way for setting in a robust recovery process.

Even before the onset of the pandemic, the government had been at the forefront of announcing a slew of reforms aimed at improving the productivity of the economy. Path-breaking reforms such as the Production Linked Incentives (PLI) for as many as 13 sectors have been introduced with an intention to incentivise and boost domestic manufacturing, as well as attract foreign manufacturers to move base to India.

The measures announced in the budget for 2021-22 emphasised capital spending aimed towards critical areas of healthcare, infrastructure, and financial sector. The privatisation plans of the government are a major reform policy to reduce the presence of the public sector in key areas of the economy.

Corporate tax rates have been brought to Asian levels with the rate at 15% for new manufacturing investments by resident companies. For other businesses too, the corporate tax rate has been reduced while several reforms have taken place in simplification of laws and procedures relating to taxation. On the indirect tax side, the Goods and Services Tax or GST has been a game changer.

Another key reform has been the introduction of the Insolvency and Bankruptcy Code in 2016 which enables failing companies to exit with ease and go into liquidation. The recent labour reforms, too, will enable a new ecosystem for labour regulations and impart flexibility in employment.

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 more facilitative and congenial. Towards this goal, the foreign investment proposals are now being handled and approved by the respective ministry rather than the Foreign Investment Promotion Board as earlier.

India's services sector comprises the major share of output and has evolved into a dynamic and progressive component of the economy across many segments. Over 1,000 top global companies have set up design and development centres in the country, employing about 1 million engineering and technical professionals to develop products and software for the world.

Like all the other global economies, India has also been impacted by the pandemic, but is widely expected to become the fastest growing economy globally by posting double-digit growth during 2021-22.

Recent reforms

Key policy measures announced include the below.

Infrastructure

India is developing infrastructure 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$1.4 trillion (Rs 111 trillion) for 2020-2025, which includes almost 9,000 projects. 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.

National Monetisation Pipeline

In August 2021, the Government of India announced the National Monetisation Pipeline (NMP) as a policy to hand over public sector infrastructure facilities to the private sector. The NMP is a medium-term pipeline listing out the assets, and asset classes falling under several infrastructure ministries, which will be monetised over 2021-2025.

The infrastructure assets covered about US$ 81 billion and will be in the sectors of roads and highways, railways, power transmission, natural gas and petroleum pipelines, power generation, including renewable energy, mining, airports, ports, warehouses, stadiums, and urban assets.

Under the monetisation process, the Government would transfer the revenue rights to the private sector entity in return for upfront money and commitment to invest in the asset through a long-term lease program. Various methods will be used for valuation of the asset such as book value, enterprise value, market approach and capex approach.

The National Monetisation Pipeline creates a shelf of ready projects in India for foreign institutional investors to invest in. With the creation of special purpose vehicles and infrastructure investment trusts, private sector investments in the infrastructure sector are set to go up.

Labour market reforms

The central government has taken major steps towards streamlining labour laws in the country, despite it being a state subject in the federal domain. 44 different labour laws have been subsumed under 4 labour codes. The states are being incentivised to transfer to these new codes. While providing social security for India's workers in the informal sector numbering over 400 million, the laws also provide flexibility for firms in employee management.

Micro, small and medium enterprises (MSME)

In June 2020, the MSME sector was defined as per investment limits in plant and machinery in 2006. The enterprises qualifying as MSME are now redefined on the basis of investment as well as turnover. Enterprises in this sector obtain a range of benefits in access to credit, technology support measures and incentives and subsidies.

Micro enterprises – up to Rs 10 million (US$ 0.13 million) investment and Rs 50 million (US$ 0.67 million) turnover

Small enterprises – Rs 10 million (US$ 0.13 million) to Rs 100 million (US$ 1.33 million) investment and Rs 50 million (US$ 0.67 million) to Rs 500 million (US$ 6.66 million) turnover

Medium enterprises – Rs 100 million (US$ 1.33 million) to Rs 500 million(US$ 6.66 million) investment and Rs 500 million(US$ 6.66 million) to Rs 2,500 million (US$ 33.3 million) turnover

Disinvestment and Privatisation

A new Public Sector Enterprise (PSE) policy is to be announced, wherein all sectors will be open to private sector participation while PSEs will continue to play an important role in notified strategic sectors. All PSEs in non-strategic sectors will be considered for privatisation, which is truly a game-changing reform.

The government has followed this up with the sale of Air India to the private sector Tata Group.

Power sector

The Government has taken key steps to revitalise the power sector, which currently has high debt overhang in state distribution companies. A substantial fund facility has been instituted and 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 improve the 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, today, 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, it has been decided to establish a development finance institution where the government would provide seed capital and attract funds from other sources including foreign institutions. It is expected to raise finance of almost US$ 70 billion through this process.

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. As much as 4.2 lakh hectares of land has been mapped across 3,275 industrial clusters in India, of which about 1.13 lakh hectares of land is available for investors.

Production linked incentive (PLI) scheme

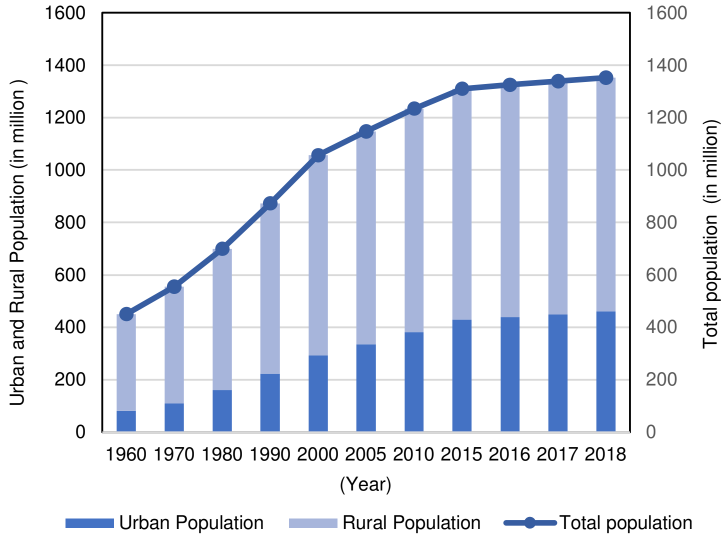
To catalyse investments in key sectors, a policy of production linked incentives has been announced for 13 sectors beginning with mobile phones, key starting materials and active pharmaceutical ingredients and medical devices. The ten other sectors are - advance cell chemistry battery, electronic/technology products, automobiles & auto components, pharmaceuticals drugs, telecom & networking products, textile products, food products, high efficiency solar pv modules, white goods (air conditioner and LED), and specialty steel.

Over 5 years, the PLI scheme proposes to offer benefits of Rs 200 trillion or about US$ 30 billion through an incentive of 4-6% on additional production over a base year.

SOCIO-ECONOMIC CONTEXT

INDICATORS	TRENDS ANALYSIS

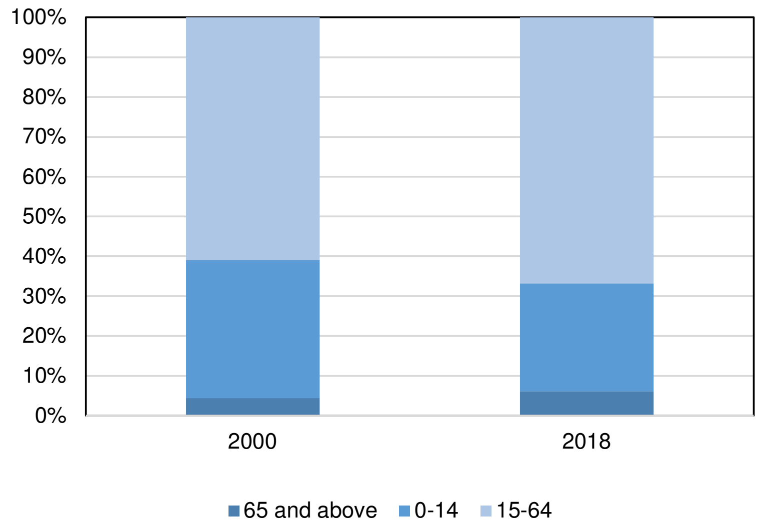
Chart 6: URBANISATION LEVEL



Source: World Development Indicators, World Bank

- India has witnessed gradual urbanisation of its population from 28% in 2000 to 34% in 2018.
- The urban population in India increased from 292.3 million in 2000 to 460.3 million in 2018, registering a CAGR of 2.63%.

Chart 7: AGE-WISE DISTRIBUTION OF POPULATION



Source: MFS analysis, World Development Indicators, World Bank

- India has a relatively large working age population, with 67% of its population the age group of 15-64 years.
- The trends reveal that those in working age population have increased at CAGR of 2% during the period 2000-2018.
- Further, the population in the young age group (0-14 years) has experienced stable levels.
- It is projected by the United Nations that the fastest growth of all will be in the elderly population of those aged 65+, whose numbers are expected to increase at a CAGR of 3.3% over the next 20 years, followed by the working age population whose population is projected to increase at a CAGR of 1% over the next two decades.

The trend analysis as described above have implications for India's attractiveness from the perspective of trade and investment. These are summarised below:

PARAMETER	INDICATORS	IMPLICATIONS FOR ATTRACTIVENESS OF TRADE AND INVESTMENT CLIMATE
Economic growth	**Overall GDP growth and trends in GDP per capita, current US$**	**High, positive impact** • Steady economic growth with rising per capita incomes translates into high disposable income in the hands of the consumer. • These are expected to spur domestic consumption even further with increased demand for imported commodities.
Economic structure	**Economic structure: share in real value added (%)**	**High, positive impact** • The composition of the economic structure of India is skewed in favour of the services sector as manifested by its rising share. • Also, the lower share of manufacturing sector in GDP offers significant scope for expansion and investment opportunities by overseas investors.
Demographic trends	**Urbanisation level**	**High, positive impact** • Although the country's population remains largely rural, the pace of India's urbanisation accelerated with India figuring amongst the most rapidly-urbanising economies of Asia. • As urban areas see accelerated economic activities and industrialisation, a greater number of the rural poor are likely to migrate to the urban areas to pursue better livelihood opportunities. • As the urbanisation rate Imageks up, new avenues for investments will likely be created in areas such as transport infrastructure, telecom services, retail services, education and healthcare. • A faster rate of urbanisation will also necessitate greater development of urban infrastructure, which will open new opportunities for investments in urban areas. **SECTORAL OPPORTUNITIES** **Infrastructure** **Retail and consumer** **Transportation and logistics** **Healthcare** **Education**

PARAMETER	INDICATORS	IMPLICATIONS FOR ATTRACTIVENESS OF TRADE AND INVESTMENT CLIMATE
	Age-wise distribution of population	**High, positive impact** • An increasing working-age population will drive domestic demand for skills development, consumer retail services, FMCG and consumer goods, automobiles, entertainment and media, telecom services and financial services and smart gadgets. • The rising proportion of population in the age-group of 65 years and above presents opportunity for healthcare services targeted at this age group. **SECTORAL OPPORTUNITIES** **Healthcare** **Retail and consumer** **Financial services** **Mobile devices** **Education** **Entertainment and media** **Laptops and notebooks**

International trade engagement

Republic of Korea

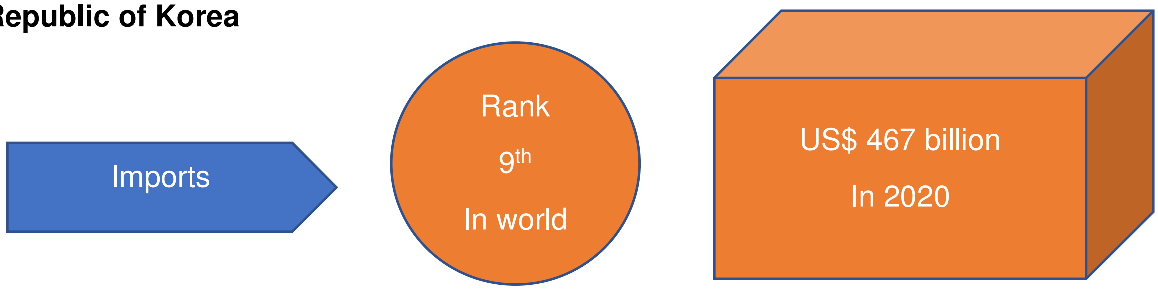


Image: 2

Top 5 import sources

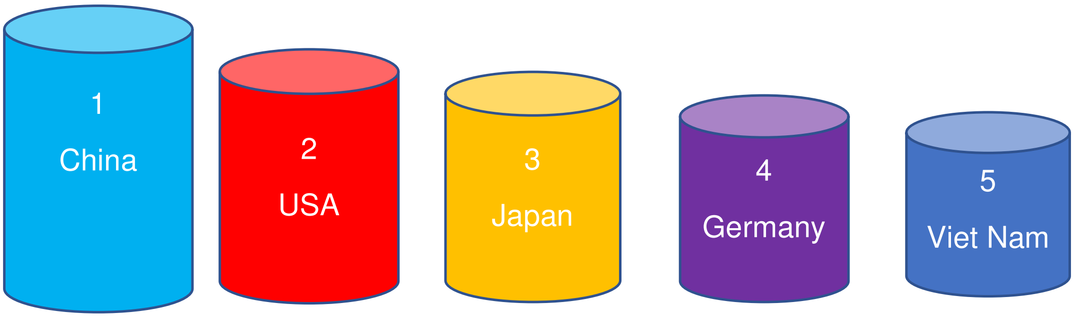


Image 3 (Not to scale)

Table 2: South Korea's Top 10 Imports in 2020

HS Code	Product label	Imported value in 2020 (US$ billion)
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	94.10
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	86.55
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	57.36
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	19.38
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	18.20
26	Ores, slag and ash	15.89
29	Organic chemicals	12.09
39	Plastics and articles thereof	11.48
72	Iron and steel	11.12
30	Pharmaceutical Products	7.96

Source: International Trade Centre

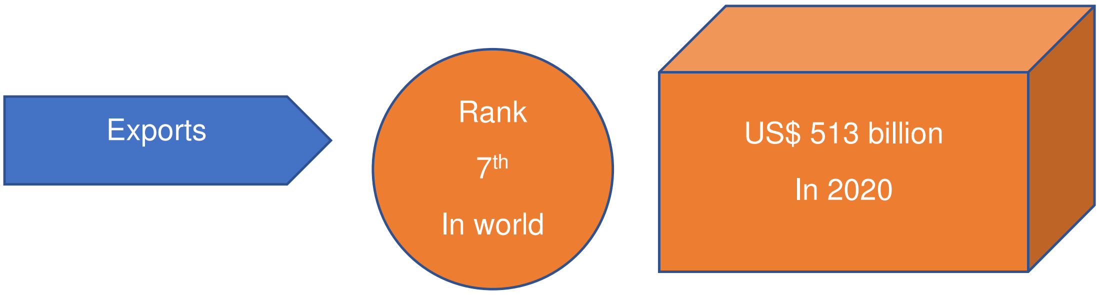


Image 4

Top 5 export destinations

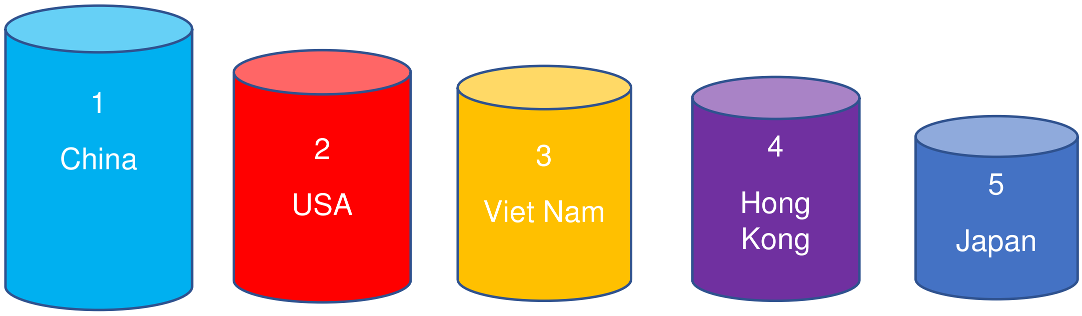


Image 5 (Not to scale)

Table 3: South Korea's Top 10 Exports in 2020

HS Code	Product label	Exported value in 2020 (US$ billion)
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	159.68
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	67.88
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	54.15
39	Plastics and articles thereof	31.56
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	25.40
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	20.06
72	Iron and steel	19.74
89	Ships, boats and floating structures	18.73
29	Organic chemicals	15.37
73	Articles of iron or steel	7.92

Source: International Trade Centre

India's Trade Profile

India's exports stood at around US$ 292 billion in 2020. United States is one of the largest markets for India, accounting for more than 17% of India's total exports basket, followed by China, with a share of 7.26% in India's total exports.

Region wise, North America and North East Asia are among India's top export destinations in terms of regions, with shares of around 20% and 14.43% respectively, followed by the EU, with a share of 14.17%. Within the EU, India's top export destinations are the UK, (US$ 8.16 billion), Germany (US$ 8.12 billion) and Netherlands (US$ 6.47 billion).

ASEAN and West Asia are the next largest destinations with shares of 10.8% and 9.5% respectively. Thus India's current exports profile shows a high level of diversity and the ability to cater to markets at varying price points and at differing levels of development.

As an externally oriented economy with exports of goods and services comprising more than 18% of its GDP in 2020, 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. India is also negotiating FTAs with the UK, the EU, UAE, and Australia. 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.

During FY 2020-21, India's top export products were in the broad HS 2-digit categories of mineral fuels and oils (HS 27), gems and jewellery (HS 71), pharmaceutical products (HS 30), machinery and mechanical appliances (HS 84), and organic chemicals (HS 29). The country has also developed excellent capabilities in various manufacturing segments such as, auto parts, iron and steel and garments, where it enjoys high share in world exports.

On the other hand, India's top imports during 2020-21 were in the broad HS 2-digit categories of mineral fuels and oils (HS 27), gems and jewellery (HS 71), electrical machinery and equipment (HS 85), machinery and mechanical appliances (HS 84), and organic chemicals (HS 29).

Table 4: India's Top Exports (US$ billion)

HS Code	Commodity	Exported Value in 2020-21
27	Mineral fuels, mineral oils, and products of their distillation; bituminous substances; mineral waxes.	26.91
71	Natural or cultured pearls, precious or semiprecious stones, precious metals clad with precious metal and articles thereof; imitation jewellery; coin.	26.16
30	Pharmaceutical products	19.38
84	Nuclear reactors, boilers, machinery, and mechanical appliances; parts thereof.	18.95
29	Organic chemicals	17.95
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts.	14.21

HS Code	Commodity	Exported Value in 2020-21
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	13.64
72	Iron and steel	12.12
10	Cereals.	10.10
39	Plastic and articles thereof	6.87

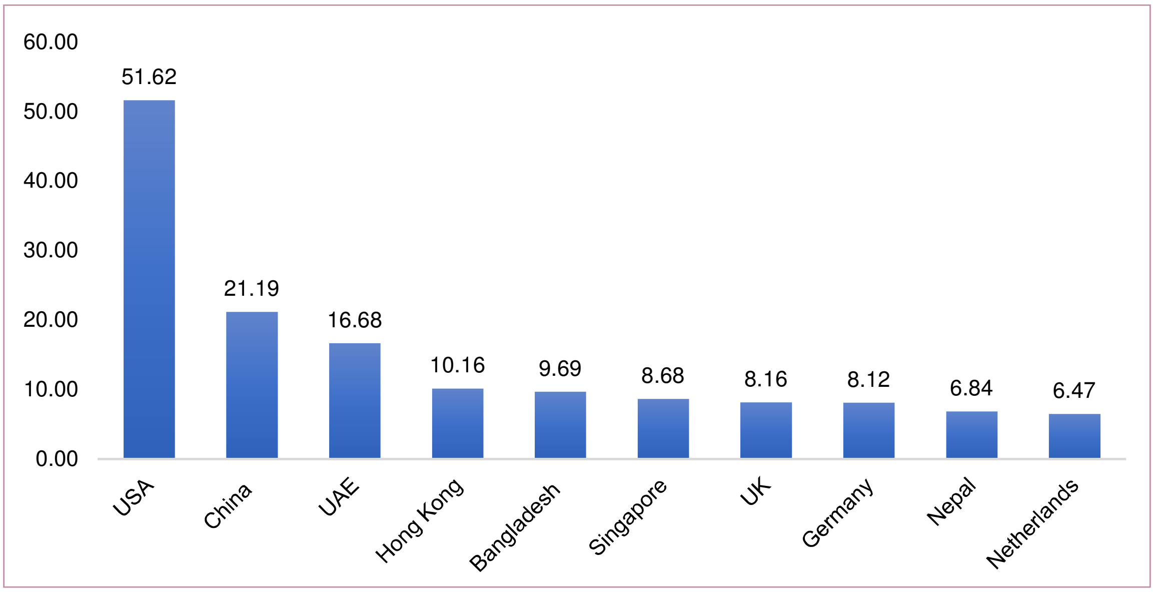
Source: Ministry of Commerce

Table 5: India's Top Imports (US$ billion)

HS Code	Commodity	Imported Value in 2020-2021
HS 27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	99.70
HS 71	Natural or cultured pearls, precious or semiprecious stones, precious metals clad with precious metal and articles thereof; imitation jewellery; coin.	55.20
HS 85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television Image and sound recorders and reproducers, and parts.	46.69
HS 84	Nuclear reactors, boilers, machinery, and mechanical appliances; parts thereof.	37.03
HS 29	Organic chemicals	19.69
HS 39	Plastic and articles thereof.	13.31
HS 15	Animal or vegetable fats and oils and their cleavage products; pre. edible fats; animal or vegetable waxes.	11.31
HS 90	Optical, photographic cinematographic measuring, checking precision, medical or surgical inst. and apparatus parts and accessories thereof;	8.57
HS 72	Iron and steel	8.28
HS 28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, or radioactive elements or of isotopes.	6.88

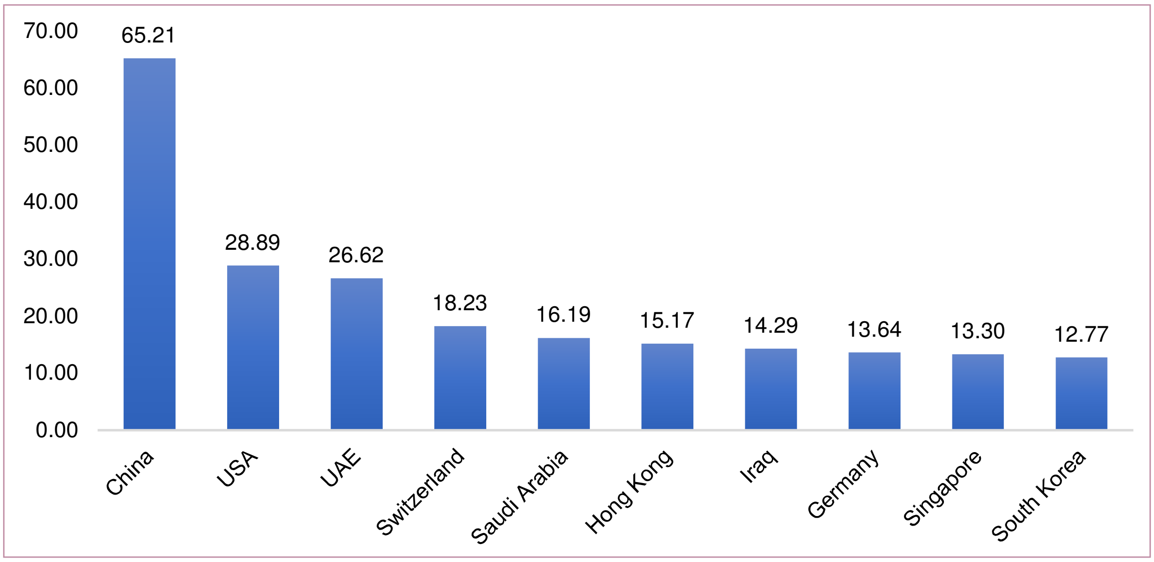
Source: Ministry of Commerce & Industry, India

Chart 8: India - Top Export Destinations in 2020-21 (US$ billion)



Source: Ministry of Commerce & Industry, India

Chart 9: India - Top Import Sources in 2020-21 (US$ billion)



Source: Ministry of Commerce & Industry, India

Bilateral Trade Relations

Trends in Trade | Top Traded Items
Potential Export Items from India to ROK | Import Procedures in ROK

South Korea was India's 9th largest trading partner during 2019-20. Bilateral trade gathered momentum over the last few years, reaching a peak of US$ 21 billion during 2018-19 and declining slightly to US$ 20 billion in 2019-20.

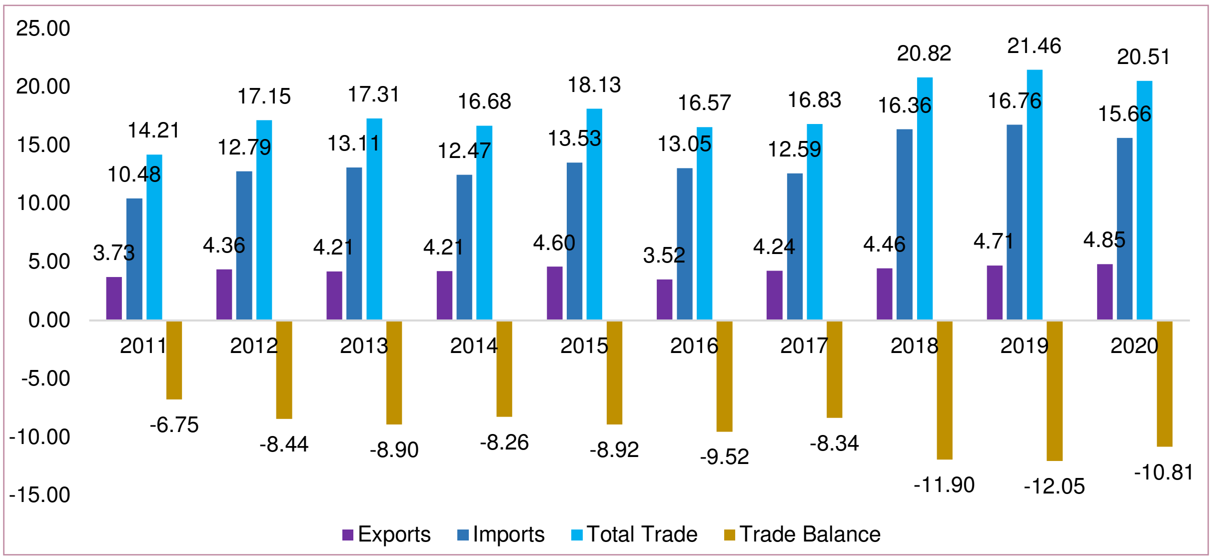
In the last decade, total trade between the two countries grew from US$ 12 billion in 2009-10 to US$ 20.5 billion in 2019-20, recording a compound annual growth rate (CAGR) of 3.74%.

Total exports from India to ROK grew from US$ 3.73 billion in April-March 2011-12, registering a CAGR of 4.23% till 2015-16. Between 2015-16 and 2019-20, CAGR expanded to 6.6%, showing the added advantages of sourcing from India by ROK businesses.

ROK stood at 18th rank in India's export profile in 2019-20, with a share of 1.6% at US$ 4.8 billion.

South Korea is India's 8th largest import source in 2019-20. Indian imports from South Korea grew significantly over the last few years. Total imports from South Korea to India expanded from US$ 8.6 billion in 2009-10 to US$ 15.7 billion in 2019-20, after a peak of US$16.8 billion in 2018-19. Total imports between 2011-12 to 2019-20 registered an overall CAGR of around 4.1%.

Chart 10: India-South Korea Bilateral Trade (US$ billion)



Source: System of Foreign Trade Performance Analysis, Department of Commerce, India

India's trade deficit with South Korea has widened over the years, owing to higher imports and despite a growth of exports. India's trade deficit with South Korea increased from US$ (-) 5.16 billion in 2009-10 to US$ (-) 10.81 billion during 2019-20.

Top Export and Import Items

The top five Indian exports to South Korea during 2020-21 at the 2-digit HS code level were in the categories of aluminum and articles thereof (HS 76); mineral fuels and oils (HS 27); organic chemicals (HS 29); iron and steel (HS 72) and cotton (HS 52).

Total exports to South Korea of the top exported item i.e. aluminum and articles thereof, stood at US$ 1.07 billion, followed by mineral fuels and oils, which stood at around US$ 788 million.

Table 6: Top 20 Indian Exports to South Korea during 2020-21

HS Code	Commodity	Exports (US$ million)
76	Aluminum and articles thereof.	1,074.29
27	Mineral fuels, mineral oils, and products of their distillation; bituminous substances; mineral waxes.	788.35
29	Organic chemicals	431.77
72	Iron and steel	236.62
52	Cotton	195.00
84	Nuclear reactors, boilers, machinery, and mechanical appliances; parts thereof.	187.29
23	Residues and waste from the food industries; prepared animal fodder.	147.72
78	Lead and articles thereof.	132.33
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television Image and sound recorders and reproducers, and parts.	123.26
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	96.61
26	Ores, slag and ash.	88.13
32	Tanning or dyeing extracts; tannins and their deri. dyes, pigments and other colouring matter; paints and ver; putty and other mastics; inks.	85.30
71	Natural or cultured pearls, precious or semiprecious stones, precious metals, clad with precious metal and articles thereof; imitation jewellery; coin.	74.87
12	Oil seeds and olea. fruits; misc. grains, seeds and fruit; industrial or medicinal plants; straw and fodder.	72.59
38	Miscellaneous chemical products.	62.04
25	Salt; Sulphur; earths and stone; plastering materials, lime and cement.	51.90
79	Zinc and articles thereof.	48.85

HS Code	Commodity	Exports (US$ million)
39	Plastic and articles thereof.	45.02
17	Sugars and sugar confectionery.	41.55
13	Lac; gums, resins and other vegetable saps and extracts.	40.36
Total		4,023.85

Source: Export Import Data Bank of India

Other top Indian exports to South Korea were in the categories of nuclear reactors, boilers, and machinery thereof (HS 84); residues and waste from food industries (HS 23); lead and articles thereof (HS 78); electrical equipment and machinery (HS 85); vehicles other than railway and tramway and parts thereof (HS 87), among others.

The top 20 Indian exports to South Korea totaled US$ 4,024 million, accounting for around 1.38% of India's total exports in 2020-21.

Table 7: Top 20 Indian Imports from South Korea during 2020-21

HS Code	Commodity	Imports (US$ million)
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television Image and sound recorders and reproducers, and parts.	2,393.94
72	Iron and steel	1,677.47
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	1,610.74
39	Plastic and articles thereof.	1,498.77
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	765.04
29	Organic chemicals	764.45
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	722.79
38	Miscellaneous chemical products.	367.85
90	Optical, photographic cinematographic measuring, checking precision, medical or surgical inst. and apparatus parts and accessories thereof;	352.66
73	Articles of iron or steel	279.67
30	Pharmaceutical products	277.83
40	Rubber and articles thereof.	261.72
79	Zinc and articles thereof.	230.08
82	Tools implements, cutlery, spoons and forks, of base metal; parts thereof of base metal.	165.02
76	Aluminum and articles thereof.	157.58
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, or radi. elem. or of isotopes.	151.95

HS Code	Commodity	Imports (US$ million)
78	Lead and articles thereof.	135.66
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard.	110.03
32	Tanning or dyeing extracts; tannins and their deri. dyes, pigments and other colouring matter; paints and ver; putty and other mastics; inks.	93.82
89	Ships, boats and floating structures.	79.33
Total		12,096.40

Source: Export Import Data Bank of India

India is a big importer of electrical machinery and equipment, machinery and mechanical appliances, plastics etc., from South Korea. The top five Indian imports from South Korea were in the HS 2-digit level categories of electrical machinery and equipment (HS 85); iron and steel (HS 72); machinery and mechanical appliances (HS 84); plastics and articles (HS 39) and mineral fuels and oils (HS 27).

Other top imports during the same period belonged to the categories of organic chemicals (HS 29); vehicles and parts (HS 87); miscellaneous chemical products (HS 38); optical, photographic, etc. (HS 90); and articles of iron or steel (HS 73), among others.

The top 20 imports from South Korea to India were valued at US$ 12,096 million, accounting for about 3.07% of India's total imports.

Top identified export items from India to South Korea

The CII report uses data from the International Trade Centre (ITC) to assess the export potential of Indian products to South Korea at the 6-digit HSN. The export specialisation index is used for this analysis to identify Indian exports with high potential to South Korea, which factors in the specific market characteristics of the partner country/market.

The 5 topmost products are mentioned below and the full list of 51 products is given in the Annex along with the detailed methodology for identification.

Table 8: India's top potential exports to Korea

Code	Product label	Korea's Imports from World (US$ billion)	ES Index
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	13.80	1.42
851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	3.78	1.33
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	3.40	13.55
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	3.26	5.89
760110	Aluminum, not alloyed, unwrought	2.05	2.28

Source: CII calculations based on ITC data

The top Indian exports of highest potential to South Korea are in the broad categories of mineral fuels, mineral oils and products (HS 27); pharmaceutical products (HS 30); electrical machinery and equipment (HS 85); and aluminum, and articles thereof (HS 76). Interestingly, mobile phones also come in as an item that can be beneficially exported from India to ROK.

Other Indian products with high potential (see Annex) to ROK are in the broad categories of nuclear reactors and mechanical appliances and parts (HS 84); organic chemicals (HS 29); plastic and articles thereof (HS 39); iron and steel (HS 72); and articles of apparel and clothing accessories, knitted or crocheted (HS 61); among others.

In a later chapter, the products with most potential for figuring in South Korea's global value chains are further identified from the list of 51 items.

Annex - I

India's Potential Exports to Korea

Code	Product label	India's Exports to World (US$ billion)	Korea's Imports from World (US$ billion)	ES Index
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	12.59	13.80	1.42
851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	3.23	3.78	1.33
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	29.52	3.40	13.55
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	12.31	3.26	5.89
760110	Aluminium, not alloyed, unwrought	3.00	2.05	2.28
850440	Static converters	1.15	1.59	1.13
020230	Frozen, boneless meat of bovine animals	3.08	1.20	4.01
720839	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...	1.36	1.00	2.12
760120	Unwrought aluminium alloys	0.82	0.90	1.42
230400	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting ...	0.84	0.74	1.77
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	2.66	0.69	5.98
840999	Parts suitable for use solely or principally with compression-ignition internal combustion ...	0.75	0.65	1.80
170114	Raw cane sugar, in solid form, not containing added flavouring or colouring matter (excluding ...	0.38	0.58	1.02
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	1.99	0.55	5.65
880330	Parts of aeroplanes or helicopters, n.e.s. (excluding those for gliders)	1.19	0.53	3.49
841112	Turbojets of a thrust > 25 kN	3.13	0.53	9.27
711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not ...	12.19	0.52	36.80

Code	Product label	India's Exports to World (US$ billion)	Korea's Imports from World (US$ billion)	ES Index
720241	Ferro-chromium, containing by weight > 4% of carbon	0.82	0.52	2.46
854511	Electrodes of graphite or other carbon, for electric furnaces	0.54	0.51	1.66
720838	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...	0.45	0.50	1.40
901839	Needles, catheters, cannulae and the like, used in medical, surgical, dental or veterinary ...	0.33	0.48	1.08
392062	Plates, sheets, film, foil and strip, of non-cellular poly"ethylene terephthalate", not reinforced, ...	0.33	0.48	1.06
260112	Agglomerated iron ores and concentrates (excluding roasted iron pyrites)	1.26	0.47	4.20
030389	Frozen fish, n.e.s.	0.37	0.47	1.24
840991	Parts suitable for use solely or principally with spark-ignition internal combustion piston ...	0.32	0.45	1.12
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	4.34	0.45	15.03
840890	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine" (excluding ...	0.60	0.43	2.20
090111	Coffee (excluding roasted and decaffeinated)	0.50	0.43	1.84
848340	Gears and gearing for machinery (excluding toothed wheels, chain sprockets and other transmission ...	0.51	0.42	1.88
420222	Handbags, whether or not with shoulder straps, incl. those without handles, with outer surface ...	0.33	0.39	1.30
392190	Plates, sheets, film, foil and strip, of plastics, reinforced, laminated, supported or similarly ...	0.34	0.39	1.36
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	0.67	0.39	2.70
843149	Parts of machinery of heading 8426, 8429 and 8430, n.e.s.	0.39	0.37	1.61
848190	Parts of valves and similar articles for pipes, boiler shells, tanks, vats or the like, n.e.s.	0.49	0.36	2.13
761699	Articles of aluminium, n.e.s.	0.36	0.34	1.63

Code	Product label	India's Exports to World (US$ billion)	Korea's Imports from World (US$ billion)	ES Index
293499	Nucleic acids and their salts, whether or not chemically defined; heterocyclic compounds (excluding ...	0.50	0.34	2.31
850300	Parts suitable for use solely or principally with electric motors and generators, electric ...	0.68	0.33	3.23
293339	Heterocyclic compounds with nitrogen hetero-atom[s] only, containing an unfused pyridine ring, ...	0.70	0.31	3.51
320417	Synthetic organic pigments; preparations based on synthetic organic pigments of a kind used ...	0.74	0.31	3.73
030743	Cuttle fish and squid, frozen, with or without shell	0.61	0.31	3.11
841391	Parts of pumps for liquids, n.e.s.	0.38	0.31	1.93
620342	Mens or boys trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...	0.52	0.29	2.77
940490	Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ...	0.47	0.29	2.53
300220	Vaccines for human medicine	0.75	0.27	4.36
520100	Cotton, neither carded nor combed	1.26	0.27	7.34
293399	Heterocyclic compounds with nitrogen hetero-atom[s] only (excluding those containing an unfused ...	0.94	0.27	5.52
940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)	0.55	0.26	3.27
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	0.54	0.26	3.27
870830	Brakes and servo-brakes and their parts, for tractors, motor vehicles for the transport of ...	0.48	0.26	2.92
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	0.41	0.25	2.52
420231	Wallets, purses, key-pouches, cigarette-cases, tobacco-pouches and similar articles carried ...	0.49	0.25	3.05

Source: CII calculations based on ITC data

Annex 2

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

Various studies have often used more conventional measures such as the Revealed Comparative Index (RCA) to assess competitiveness or the export potential of products. In this report, the ES index is employed, which is a slightly modified version of the RCA index. While the RCA index uses world shares to assess export potential, the ES index considers market specific characteristics of the partner country, in this case, South Korea. This is a useful index in the sense that it helps in identifying 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.

The numerator of the index captures the country's share of a specific commodity in its export's basket, similar to the RCA index, while 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 ES is similar to the RCA in its interpretation. When the value of the index is less than one, it indicates a comparative disadvantage of the product, while a value greater than one represents specialization or comparative advantage of the product under consideration.

This report uses exports and related data from ITC at the HS 6-digit level to identify Indian exports with high potential to South Korea. Boosting domestic production of the identified products is expected to further enhance India-South Korea trade and economic relations.

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. 2019.

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

After collecting data on the above variables, products for which South Korea's world imports and India's world exports exceed US$ 250 million are identified, while rest are excluded. Such a criteria is used to ensure that there is substantial demand for the product in the partner country i.e., in South Korea, and adequate production capability in the exporting country i.e., India.

After excluding all products with value less than US$ 250 million, 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 that the product is not competitive in the target market.

At the end of the exercise, a total of 51 products remains for which the index value is greater than 1, indicating specialisation or comparative advantage of these products in South Korea.

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

Import Procedures in ROK

Over a period of time, South Korea has pursued trade liberalisation policies to extensively promote international trade, which is now a key determinant in driving the country's economic growth. This is evidenced by the fact that the trade to GDP ratio of South Korea was estimated at 77% in 2019 by the World Bank, although this has come down from its peak levels in 2012.

Given its free trade strategy, there are very few outright prohibited or restricted items for imports. Guns, narcotics, pornography, subversive material, treasonous material, and counterfeit goods or materials are prohibited for entry into Korea.[2] South Korea does, however, impose several non-tariff measures (NTMs) such as anti-dumping, special safeguards, quantitative restrictions, tariff rate quotas, technical barriers to trade, and sanitary and phytosanitary measures. Certain items that are subject to import prohibition, except under defined conditions, include narcotics, psychotropic drugs, cannabis, and precursors, defence materials and internationally endangered species, endangered wildlife, and biological resources.[3]

Furthermore, quantitative restrictions are imposed on the imports of about 70 products used as inputs for aircraft[4].

For individual travelers entering South Korea, there are certain items that are prohibited, according to VisitKorea, the official website of Korea Tourism. As per its website, travelers entering South Korea should be aware of certain restricted items that are not to be carried into the country. Prohibited items carried into the country will be confiscated.

Import Customs Clearance Procedures

The following table lists the steps for import clearance processing by the South Korea Customs Service.

Table 10: Steps for Import Clearance Processing by South Korea Customs Service

STEPS	DESCRIPTION
STEP 1: Carry-in (place of storage)	Goods imported from abroad are stored in the bonded area
STEP 2: Fulfilment of requirements	• The cargo owner is required to prepare for fulfilment of requirements, a recommendation for Tariff Rate Quota (TRQ) and a recommendation for tax reduction or exemption before import declaration • Organisations with electronic network links may apply and submit verification of requirements, a recommendation for TRQ and a recommendation for abatement online

2 https://2016.export.gov/southkorea/doingbusinessinskorea/traderegulationsstandards/index.asp#P73_15913

3 Source: WTO

4 Source: WTO

STEPS	DESCRIPTION
STEP 3: Import declaration (declarant)[5]	• A declarant fills out an import declaration form and transmits it to the Customs clearance system • The Customs clearance system automatically decides whether the imported goods are subject to cargo inspection, or inspection is based on documents, or is inspection free, and thereafter, notifies the importer that declaration has been received • The following documents are required to be filed at the time of import declaration: – Invoice – Packing list – Bill of lading – Certificate of origin – Certificate of Inspection
STEP 4: Declaration processing (Customs)	• A physical inspection is done for declaration subject to inspection • The declaration subject to non-physical inspection is based on documents • For the paper declaration, the declaration is subject to documents • For the paperless declaration, the Customs checks the import declaration through the Unipass system • If no problem is found in the checking results, then the declaration will be approved and registered
STEP 5: Submission of security or advance payment	The cargo owner should provide the Customs with security for tax payment or pay taxes in advance to have the goods delivered
STEP 6: Declaration acceptance	The declaration will be accepted automatically in the clearance system if the tax payment has been made or the security has been provided
STEP 7: Goods release	The cargo owner makes a request for goods release to the operator of the bonded area (storage place) to release the goods from the bonded area
STEP 8: Post-clearance payment	The cargo owner is required to pay taxes within 15 days from the date of declaration acceptance

Source: www.customs.go.kr/english/cm/cntnts/cntntsView.do?mi=8055&cntntsId=2731

Various forms related to South Korea Customs can be accessed via this link:

https://www.customs.go.kr/english/main.do

5 For online applications and declarations related to import, refer https://unipass.customs.go.kr/csp/index.do

Partnerships in Global Value Chains

South Korea is a key link in the global value chains, particularly for high-technology and high value-added products. According to the OECD's Trade in Value Added (TiVA) database, foreign value-added content in exports stood at 30.4% in 2016, after a peak of 42.4% in 2011. This is much higher than the OECD average and was one of the highest in the G20.

Domestic value added was the highest in key sectors of South Korean strength including ICT and electronics, other transport, motor vehicles, basic metals, and electrical equipment. The sectors with the most foreign value-added content in exports were coke and petroleum products, basic metals, and ICT and electronics. Motor vehicles were the other exports with high foreign value-added content.

The CEPA with ROK offers a conducive route for India companies to source intermediates and inputs from India for sharpening competitiveness of their goods for further exports. This can benefit from adding investments in the Indian manufacturing sector and leveraging the new incentive policies for specific sectors such as electronics, chemicals, automotive and so on.

In the following section, the top products which can potentially slot into ROK value chains through greater investments from ROK are identified. For ROK businesses considering competitive sources for further value addition, these products would be a useful guide. ROK companies can strategise to set up manufacturing facilities in India for shipping these products to ROK for further value addition and exports.

Methodology for identifying potential sectors for Investments from South Korea for expanding GVCs

South Korea's top imports and top Indian exports are considered for determining demand from South Korean and Indian production capabilities respectively, for these products.

In the first step, the top ten Indian exports and top ten imports from South Korea are first matched at the 2-digit HS code level to arrive at the common categories of products. These categories would represent a demand supply match between the two partner countries. Thereafter, the identified products are mapped with the potential Indian exports identified in the paper at the 6-digit HS code level (See Table in Annex).

After comparing and matching top imports from South Korea with top Indian exports, it is found that there are six common categories of products at the 2-digit HS code level, for which there is potential demand from South Korea, as represented by their imports and sufficient capabilities, in the Indian market, as represented by top Indian exports.

These categories include mineral oil and fuels (HS 27); electrical machinery and equipment (HS 85); nuclear reactors and mechanical appliances and parts (HS 84); vehicles and parts (HS 87); iron and steel (HS 72); and organic chemicals (HS 29).

Further, two of the top ten imports from South Korea, namely, plastics and articles (HS 39) and optical and photographic and medical instruments etc. (HS 90) are also present in the identified list of potential Indian exports to South Korea. Therefore, these categories are also added as potential sectors of investment.

Several products, for example electrical machinery and equipment (HS 85), nuclear reactors and mechanical appliances and parts (HS 84), vehicles and parts (HS 87), and plastics and articles (HS 39), along with others also figure in South Korea's top ten export categories, indicating that the country has high exposure to global value chains in these sectors.

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

For this exercise, only intermediate categories are considered, final consumer product categories are excluded, even though these feature as top imports from South Korea. Additionally, categories such as gems and jewellery (HS 71), ores and slag (HS 26) and mineral oils (HS 27) are excluded as these are consumed within South Korea rather than used for further value addition and exports.

The table below lists the final Indian products at the 6-digit level identified from the potential exports list as potential sectors for investments from South Korea. A total of 24 products have been identified at the 6-digit HS code level that have the highest potential to attract investments from South Korea. ROK companies can consider investing in India to manufacture these products for export to ROK and further value addition for onward exports.

Table 11: India Potential Sectors for Investments from South Korea

HS Code (2 Digit)	HS Code (6 Digit)	Product Label
29	293499	Nucleic acids and their salts, whether or not chemically defined; heterocyclic compounds (excluding ...
29	293339	Heterocyclic compounds with nitrogen hetero-atom[s] only, containing an unfused pyridine ring, ...
29	293399	Heterocyclic compounds with nitrogen hetero-atom[s] only (excluding those containing an unfused ...
39	392062	Plates, sheets, film, foil and strip, of non-cellular poly"ethylene terephthalate", not reinforced, ...
39	392190	Plates, sheets, film, foil and strip, of plastics, reinforced, laminated, supported or similarly ...
39	390110	Polyethylene with a specific gravity of < 0,94, in primary forms
72	720839	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...
72	720241	Ferro- chromium, containing by weight > 4% of carbon
72	720838	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...
84	840999	Parts suitable for use solely or principally with compression-ignition internal combustion ...
84	841112	Parts suitable for use solely or principally with compression-ignition internal combustion ...

HS Code (2 Digit)	HS Code (6 Digit)	Product Label
84	840991	Parts suitable for use solely or principally with compression-ignition internal combustion ...
84	840890	Parts suitable for use solely or principally with compression-ignition internal combustion ...
84	848340	Parts suitable for use solely or principally with compression-ignition internal combustion ...
84	843149	Parts suitable for use solely or principally with compression-ignition internal combustion ...
84	848190	Parts suitable for use solely or principally with compression-ignition internal combustion ...
84	841391	Parts suitable for use solely or principally with compression-ignition internal combustion ...
85	851712	Telephones for cellular networks "mobile telephones" or for other wireless networks
85	850440	Static converters
85	854511	Electrodes of graphite or other carbon, for electric furnaces
85	850300	Parts suitable for use solely or principally with electric motors and generators, electric ...
85	870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...
85	870830	Brakes and servo-brakes and their parts, for tractors, motor vehicles for the transport of ...
90	901839	Needles, catheters, cannulae and the like, used in medical, surgical, dental or veterinary ...

Role of MSMEs in integrating India into GVCs

It is important for India as a competitive manufacturing destination to be a strong participant in global high-tech manufacturing supply chains. South Korean companies are strongly embedded in the Indian markets since long and can strategise to leverage India's competitive advantage for setting up large high-tech manufacturing facilities here. A favourable ecosystem created by ROK multinationals can bring in more Indian and Korean SME companies, startups and ancillaries involved in Industry 4.0, thereby addressing global markets and supply chains.

For example, Samsung has been in India for over 20 years and has set up 3 R&D centers in the country to address local and global markets. Similarly, Hyundai has an R&D institute which designs cars for Indian and other emerging markets. Many other ROK companies are present in India and these should consider developing and exporting high-tech goods from here.

There is significant potential for small and medium-sized (SMEs) South Korean companies to synergise with Indian SMEs in the areas of semi-conductors, plastics, auto parts, agricultural instruments, textiles, multi-media, ceramic products, software etc. Opportunities are also there in ship building and ship repair, petrochemicals, automobile ancillaries, electrical and electronics, office equipment, banking and financial services, software and iron and steel.

It is expected that the trade flows between Korea and India will be driven by large corporates setting up facilities across both markets, primarily in the automotive and electronics sector. For example, while Samsung and Hyundai will set up manufacturing facilities in India, Indian majors such as the Mahindra group and Tata group would do so in Korea. These large corporations will then bring their supply-chain partners to support their growth needs. So, Hyundai and Kia will ensure that their ancillary partners also set up facilities along with them as part of the supply-chain process.

KOTRA was in talks with Rajasthan state government on setting up a dedicated industrial zone for South Korean companies, similar to one in Neemrana for Japanese companies where 50 Japanese facilities are operational. This should be expedited to attract South Korean SME.

Startups

There are many opportunities for ROK venture capital firms to invest in new Indian startups. Korean companies can also showcase and promote their incubation and academic prowess to Indian stakeholders. In 2021, Indian startups greatly expanded their footprint with over 30 start-ups turning into unicorns with US$ 1 billion valuation. India ranks as number three in the world in terms of number of startups.

The India Korea Startup Hub launched in 2019 is an example of how the two Asian economies can increase cooperation in the fields of research, technology, innovation, and entrepreneurship. Many Korean firms have been investing in Indian startups offering banking and healthcare services as well as apps like BigBasket and Ola Cabs.

In order to promote collaboration between the start-ups of India and Korea, the India-Korea Start-up Hub was set up in New Delhi in July 2018. The Hub is a one-stop platform to bring the Indian and Korean start-up ecosystems closer and to facilitate joint innovation between the two economies. Conceptualised as part of a joint statement signed between the Korea Trade-Investment Promotion Agency (KOTRA) and Invest India, The Hub enables collaborations between start-ups, investors, incubators, and aspiring entrepreneurs of both countries and provide them requisite resources for market entry and global expansion.

It provides a detailed list of Indian and South Korean start-ups and promotes various challenges, which can be rewarding for entities of both countries. The platform also gives information about doing business in India and South Korea as well as providing immigration guidance.

Some of the benefits under the hub are:

- Tax exemption for a certain period,
- Self-certification for compliance under three environmental and six labour laws,
- Fast track intellectual property rights protection, and
- Easier public procurement norms due to relaxed regulations for start-ups.

In addition, a dedicated task force of leading Indian and Korean companies can be set up which can develop collaborations and act as mentor to new startups. As a part of the Global Innovation and Technology Alliance (GITA), India has been successfully undertaking international cooperation in projects and this can be expanded with Korea as a partner.

Bilateral Investments

Investment climate in India | Investment climate in South Korea | Sectors of potential

India's performance in attracting FDI has stepped up greatly in recent years, buoyed by definitive reform measures. The country has garnered a record US$ 76.4 billion of inward flows, including reinvested earnings, in 2020-21. In the last five years from 2016-17 to 2020-21, more than US$ 339 billion entered the country to avail the large markets and export opportunities.

ROK invested almost US$ 31 billion in greenfield projects overseas in 2019. Its stock of FDI in India amounts to about US$ 4.9 billion between April 2000 and March 2021 and it is the 13th largest investor in India. ROK companies have created an enviable position for themselves in Indian markets with high brand recall value across consumer segments such as electronics, passenger vehicles, and consumer durables.

Post-Covid, robust investment through acquisitions in ICT (software and hardware) and construction bolstered FDI in India, making it the fifth largest recipient in the world. As per the World Investment Report (2021), India's cross-border M&As surged 83 per cent to $27 billion, with major deals involving ICT, health, infrastructure, and energy.

As South Korean companies look towards alternate sourcing and manufacturing outside of China due to economic dependence, labour costs, proximity and with regained focus towards New Southern Policy, India is a natural destination to help South Korea diversify its economic portfolio. With recent investments such as Orion and Samsung which is expanding its investment in manufacturing in India to boost domestic smartphone production over the next five years, there is immense potential for Korean companies to invest in the country.

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 to make the country one of the most open for FDI. With progressive liberalisation of FDI limits, including in sectors such as defence production, telecom, mining and so on, most inward flows are enabled under the automatic route, requiring no approvals from the Government of India.

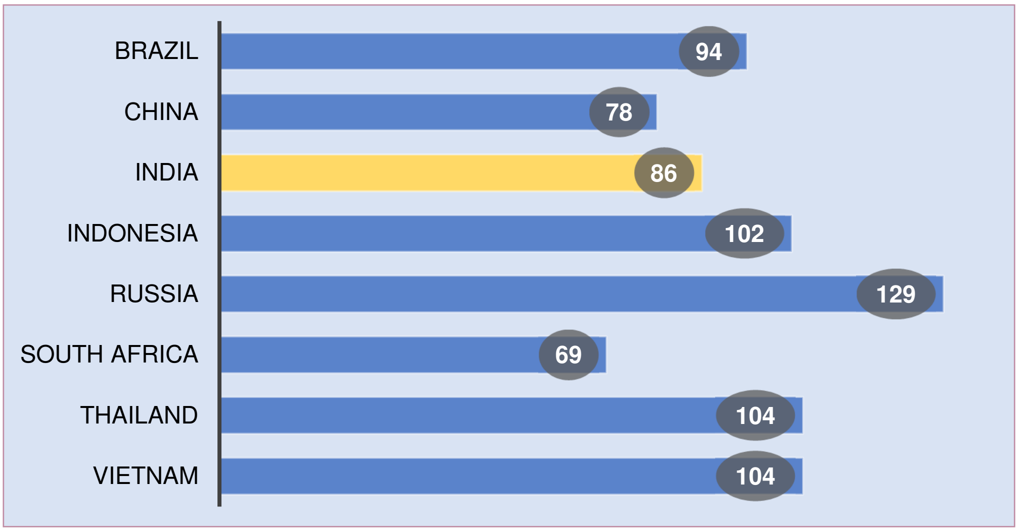
According to the Department for Promotion of Industry and Internal Trade (DPIIT), cumulative FDI equity inflows in India stood at US$ 547 billion between April 2000 and June 2021.

Data for 2020-21 indicates that the computer hardware and software sector attracted the highest FDI equity inflows of US$ 26.15 billion, followed by construction at US$ 7.88 billion, services at US$ 5.06 billion and trading at US$ 2.61 billion.

In terms of cumulative FDI equity inflows, the services sector is by far the largest recipient with about US$ 89 billion between April 2000 and June 2021.

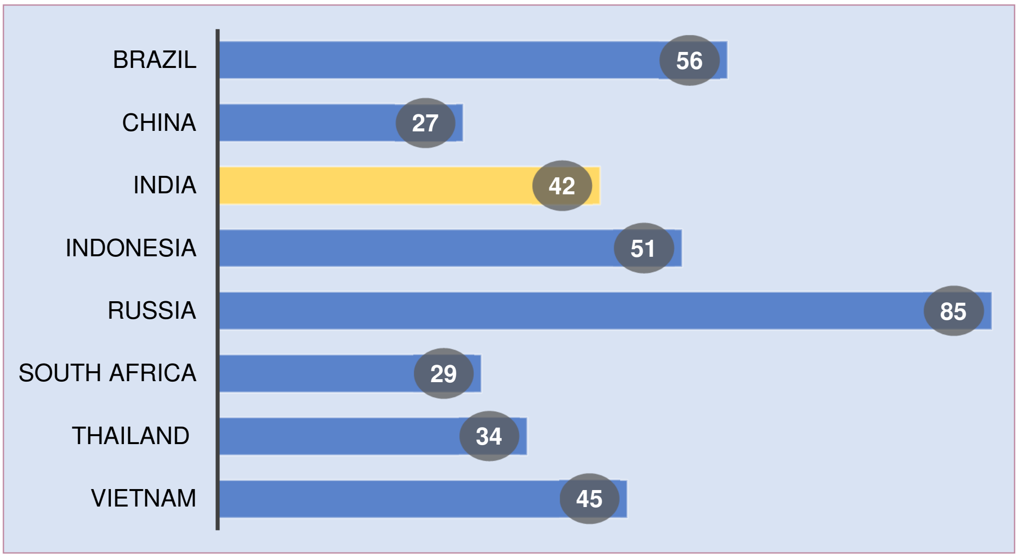
India compares positively with other emerging economies on global rankings on Global Innovation Index, Corruption Perceptions Index and Logistics Performance Index.

Chart 11: Corruption Perception Index Ranking 2020



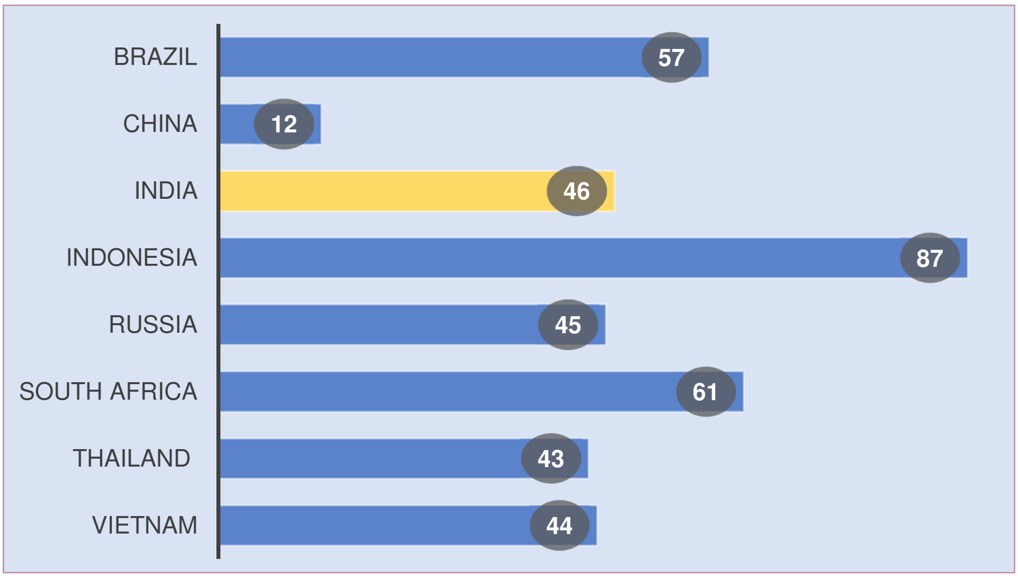
Source: Transparency International

Chart 12: Aggregated Logistics Performance Index Rankings 2012-2018



Source: World Bank

Chart 13: Global Innovation Index Rankings 2021



Source: Global Innovation Index 2021 Report

South Korean Investments in India

As per data available with the Export-Import Bank of Korea, foreign direct investment (FDI) by South Korea into India has shown an increasing trend, with cumulative FDI inflows of US$ 2.98 billion received during 2015–2020 (up to May 2020). This consistent rise exhibited in FDI inflows from South Korea to India has resulted in the Republic of Korea being the 13th largest FDI investor in India.

According to data sourced from fDi Markets[6] on projects invested by South Korean companies in India between January 2003 and January 2020, an estimated total capital investment of US$ 32,028 million was made in greenfield projects across various sectors in India. The data on cumulative, sector-wise capital investments in projects by South Korean companies in India during the period January 2003 to January 2020 are provided in the table below.

Table 12: Cumulative Capital Investment by South Korea in India

Rank	Sectors	Cumulative Capital Investments (January 2003-January 2020) (US$ million)
1.	Metals	13,438
2.	Automotive OEM	4,001
3.	Automotive components	2,307
4.	Consumer electronics	2,070
5.	Coal, oil and gas	1,874
6.	Electronic components	1,135
7.	Chemicals	1,094

6 fDi markets is an online database of The Financial Times Ltd. providing data on FDI, including cross-border greenfield investments covering all countries and sectors worldwide

Rank	Sectors	Cumulative Capital Investments (January 2003-January 2020) (US$ million)
8.	Communications	1,067
9.	Renewable energy	1,004
10.	Financial services	814
11..	Semiconductors	634
12.	Business machines and equipment	539
13.	Transportation and warehousing	483
14.	Industrial equipment	412
15.	Real estate	299
16.	Food and beverages	181
17.	Software and IT services	136
18.	Textiles	100
19.	Business services	95
20.	Non-automotive transport OEM	76
21.	Engines and turbines	73
22.	Plastics	68
23.	Consumer products	65
24.	Pharmaceuticals	50
25.	Medical devices	7
26.	Biotechnology	5
	TOTAL	**32,028**

Source: fDi Markets; CII Analysis

According to DPIIT, some of the major Indian companies that have received FDI from South Korea include the following:

Table 13: Top Indian Companies Receiving FDI Inflows from Korea

S.No.	Indian Company	Korean Collaborator	Sector
1.	Max Healthcare Institute Ltd.	Tedo Beleggings 163 (Pty. Ltd)	Health and medical services
2.	POSCO Maharashtra Steels Pvt. Ltd	POSCO	Machine tools, their parts and accessories
3.	Mobis (I) Ltd	Hyundai Mobis Co. Ltd.	Internal combustion piston engines and other parts and accessories
4.	Mirae Asset Global Investment MGT	Mirae Asset Investment Management Co. Ltd.	Real Estate
5.	Samsung India Electronics Ltd.	Samsung Electronics Co.	Electronics

S.No.	Indian Company	Korean Collaborator	Sector
6.	Myoung Shin India Automotive Pvt. Ltd.	MS Autotech Co. Ltd.	Internal combustion engines and other parts
7.	Doosan Chennai Works Pvt. Ltd.	Doosan Heavy Industries Construction Co. Ltd.	Steam boilers and nuclear plants
8.	Pyung HWA India Pvt. Ltd.	Pyung HWA Holdings Co. Ltd.	Transport equipment and parts
9.	Hyundai Construction Equipment India Pvt. Ltd.	Hyundai Heavy Industries Pvt. Ltd.	Construction machinery
10.	Myunghwa Automotive India Pvt. Ltd.	Myunghwa Ind Co. Ltd.	Internal combustion piston engines

Source: Department for Promotion of Industry and Internal Trade, Government of India

Profile of South Korean Investments in India

A sectoral analysis of data on capital investments above clearly indicates that most of the capital investments made by South Korean companies in India went into projects in the metals sector (US$ 13,438 million), followed by automotive OEMs (US$ 4,001 million), automotive components (US$ 2,307 million), consumer electronics (US$ 2,070 million) and energy sectors (US$ 1,874 million).

These five sectors taken together account for 74% of the total capital outlays in projects invested in by South Korean companies in India during the period January 2003 to January 2020. Of these, the metals sector accounts for a majority 42% of the total capital investments in projects undertaken by South Korean companies in India. While the automotive OEMs sector, with a 12% share, is in the second place, the automotive components and consumer electronics sectors, with 7% and 6% shares are in the third and fourth places, respectively.

Basis information available from fDi Markets on South Korean companies that have invested in projects in India, Pohang Iron & Steel Company (POSCO) has emerged as the leading South Korean company that has invested in the metals sector In India. Investments in projects in the automotive OEMs and the auto components sectors have largely been done by Kia Motors, Hyundai Motors, Hyundai Mobis and Mando Corporation.

While Samsung Electronics and LG Electronics have invested in the consumer electronics sector in India, Korea Western Power (KOWEPO) and Korea East-West Power (EWP) have invested in electricity sub-sector within the coal, oil and gas sector. Furthermore, majority of the investments by South Korean companies in these top five sectors are concentrated in the states of Maharashtra, Tamil Nadu, Odisha, Haryana and Andhra Pradesh.

According to KOTRA, the majority (~88%) of these investments by South Korean companies in India have been made by setting up wholly owned Korean subsidiaries, while about 11% have been executed through joint ventures (JVs) formed mostly between Korean companies themselves. ROK companies so far have not gone for JVs with Indian companies in a significant way.

As per KOTRA, Korean enterprises such as Hyundai Motors, LG and Samsung entered the Indian market by large-scale investments through wholly owned subsidiaries, operated on economies of scale and have consistently worked on establishing their brand Images. Samsung has recently established its largest overseas plant in India's state of Uttar Pradesh and is setting up a display unit as well alongside.

Korean investment in India is mainly concentrated in the manufacturing sector which accounts for 83.8% of the share, wholesale and retail trade at 5.9%, financial and insurance activities at 1.9% and electricity, gas, steam and water supply at 1.5%.[7]

In 2020, the pace of investments continued the trend path of around US$ 500 million annually, after crossing US$ 1 billion in 2018. ROK is the 13th largest investor in India with US$ 5 billion inflows through direct route between April 2000 and June 2021 as per Indian data.

Samsung has established the world's largest mobile manufacturing facility in Noida, northern India. Its R&D centre is the largest development centre with S/W development ownership of major mobile models launched across the world.

Hyundai and Kia are among the most popular auto brands in India and are investing for expansion of their plants in Tamil Nadu and Andhra Pradesh respectively. Other Korean companies with a strong footprint in India include LG, Youngone and Hyosung.

Potential Areas of Cooperation

Manufacturing has been the area of interest for South Korean companies in India, with presence across consumer durables, automotive and machinery sectors. There is significant further potential for Korean and Indian companies to cooperate further in sectors such as chemicals, automobiles and auto components, food processing and textiles. With the automobile sector shifting focus to electric vehicles, manufacturers like Hyundai and KIA are starting facilities for production in India. This shows South Korea's contribution to India making the shift from fuel to electric vehicles.

IT and Electronics

South Korea's hardware manufacturing and India's software services are a winning combination to offer to the world. Samsung topping India's smartphone market with a share of 24% in the third quarter of 2020, shows that companies manufacturing locally and leveraging the service sector in India, can derive greatly from bilateral cooperation.

India's IT industry is one of the fastest growing in India, in terms of both production and exports. A growing customer base, trade pacts, should be favourable government policies and increased penetration of consumer durables are some of the major drivers of growth for the industry.

India's Information Technology (IT) and Business Process Management (BPM) industry revenue grew by 7% year-on-year, to reach a value of US$ 194 billion in FY 2021 and is estimated to reach US$ 350 billion by 2025. For the year FY 2020 before the pandemic, the domestic and export revenue of the IT industry were estimated at US$ 44 billion and US$ 147 billion, respectively.

ADVANTAGE INDIA: ELECTRONICS

- Electronics goods exports between April 2020 & March 2021 stood at US$ 11.11 billion
- In volume terms, India was the second largest manufacturer of mobile phones in the world.
- Mobile phone exports registered a 250% growth for Q1, 2021-22 as compared to 2020-21. The massive y-o-y growth can be attributed to the first wave of Covid-19
- By 2022, the IT industry is expected to increase employment to around 2 million direct hires & should be 7.6 million indirect hires

7 https://www.indembassyseoul.gov.in/page/india-rok-trade-and-economic-relations/

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. Besides, the development of Electronic Hardware technology parks and SEZs has created a favourable climate for FDI in the industry.

Through their respective policies and initiatives, both the federal as well as the state government encourage local production of electronic items, offering tax and non-tax incentives to companies setting up manufacturing units in the country.

India's electronics consumption per capita is still amongst one of the lowest in the world – for example, in the US, this amount stands at US$ 300 while in India it is pegged at US$ 80. There is thus possibility of much future growth especially as the consumer base expands and greater spending power is concentrated in the hands of consumers.

RECENT POLICY ANNOUNCEMENTS

Three government schemes taken together are expected to enable large scale electronics manufacturing, while creating domestic supply chain ecosystem of components and state-of-the-art infrastructure and common facilities for large anchor units and their supply chain partners. These are:

1. **Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing:**
   - The scheme offered a production linked incentive to boost domestic manufacturing and attract large investments in mobile phone manufacturing and specified electronic components, including Assembly, Testing, Marking and Packaging (ATMP) units. Government of India has earmarked a budgetary outlay of INR 409.95 billion for 5 years under this scheme
   - The scheme extends an incentive of 4% to 6% on incremental sales (over base year) of goods manufactured in India and covered under target segments, to eligible companies, for a period of five years subsequent to the base year as defined.
   - Following the success of the first round of applications of the PLI scheme, a second round of the PLI scheme was approved to accept applications. The target segment of the round was Specified Electronic Components for whom incentives of 5% to 3% were announced on incremental sales, to eligible companies (over base year) for a period of four years.
2. **PLI Scheme for IT Hardware**
   - To boost manufacturing and attract large scale investments in the IT hardware value chain, the Government notified the PLI scheme for IT hardware during March 2021, with an incentive outlay of INR 73.25 billion.
   - The scheme extends an incentive of 4% to 2%/1% on incremental sales (over base year) of goods under target segments that are manufactured in India to eligible companies, for a period of four years (FY 2021-22 to FY 2024-25). The target segments under the scheme include Laptops, Tablets, All-in-One Personal Computers (PCs) and Servers.

3. **Scheme for Promotion of Manufacturing of Electronics Components and Semiconductors (SPECS):**
   - Provides financial incentive of 25% on capital expenditure for the identified list of electronic goods that comprise downstream value chain of electronic products, i.e., electronic components, semiconductor/ display fabrication units, ATMP units, specialized sub-assemblies and capital goods for high value added manufacturing.
   - The scheme is applicable to investments in new units and expansion of capacity/ modernization and diversification of existing units.
   - The scheme will be open for applications initially for 3 years from the date of its notification. The incentives will be available for investment made within 5 years from the date of acknowledgement of application.
   - Government has earmarked a budget outlay of INR 32.85 billion (approx. US$ 434 million) over a period of 8 years for this scheme.
4. **Electronics Manufacturing Clusters (EMC) 2.0:**
   - EMC 2.0 scheme seeks to create quality infrastructure (with minimum area of 200 acres) along with industry specific facilities like Common Facility Centers, Ready Built Factory Sheds / Plug and Play facilities, etc.
   - The scheme will provide financial assistance up to 50% of the project cost subject to ceiling of Rs.0.7 billion per 100 acres of land for setting up of Electronics Manufacturing Cluster projects.

For Common Facility Centre (CFC), financial assistance of 75% of the project cost, subject to a ceiling of Rs.0.75 billion will be provided. Projects will be implemented in consultation with Anchor Unit(s) / Industry (ies) for encouraging development of supply chain and ecosystem for the electronics industry. Government has earmarked a budgetary outlay of INR 3,762.25 crore (approx. US$ 497 million) for this scheme over a period of 8 years.

Research and Development: Some of the larger Korean companies have their own R&D and design centers In India. The Hyundai R&D Centre in Hyderabad specialises in styling, design engineering, vehicle test and evaluation. The Samsung (India) Software Operations now renamed as Samsung R&D Institute has three centres in India in Bengaluru, Delhi and Noida. LG Electronics also has its largest R&D Centre outside Korea in India focused on mobile and TV embedded software development for the parent company. The Korean model of investment involving wholly owned subsidiaries also extends to in-house software, IT, design, and innovation solutions.

Within the context of the India-Republic of Korea Science & Technology Agreement, the two governments have created a funding mechanism through which industries (companies) and collaborating R&D/academic institutes from India and research institutes/universities and collaborating companies in ROK can seek support for joint India-Republic of Korea applied R&D projects and other activities intended to generate new or expanded research and technology-based partnerships between the two countries.

In India, the programme is anchored by the Global Innovation & Technology Alliance (GITA) and in ROK, it is anchored by the National Research Foundation of Korea (NRF).

The objective of this programme is to respond to the global issues concerning science & technology while developing technologies that can be commercialised and localised within 2 years through joint cooperation between India and Republic of Korea. The sectors being considered under this programme include:

- Future Manufacturing e.g., smart factory, electric vehicles, 3D printing, robotics & automation, advanced materials
- Future Utilities e.g., renewable energy including hydrogen and fuel cells, energy efficiency, smart grid, waste-to-energy (WtE) technologies
- Digital Transformation including Internet of Things, Artificial Intelligence, Big Data, etc.
- Biotechnology and healthcare

Infrastructure

India's infrastructure requirement is a massive opportunity for Korean companies. The Indian Government has launched the National Infrastructure Pipeline which envisages investments of Rs 111 trillion (about US$ 140 billion) in the next five years. About 20% of this is allocated for roads, with urban development and housing, railways, conventional power, renewable energy, and irrigation being the other large sectors.

Urban infrastructure in India is required to be equipped with all the necessary facilities. It should give a decent quality of life to its residents, promising a clean and sustainable environment by applying smart solutions in the domain of sanitation, waste management, public transport, and governance. Municipal waste generation in India is expected to increase to around 165 million tonnes by 2030 from the current 62 million tonnes per annum.

The Smart Cities Mission of the Government is an urban renewal and retrofitting program with an objective to develop 100 cities that provide core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and application of 'smart' solutions. The focus is on sustainable and inclusive development and the idea is to look at compact areas, create a replicable model which will be an example for other aspiring cities.

The core infrastructure elements in a smart city would include adequate water supply, assured electricity supply, sanitation, including solid waste management, efficient urban mobility and public transport, affordable housing, especially for the poor, robust IT connectivity and digitalisation, good governance, especially e-governance and citizen participation, sustainable environment, safety and security of citizens, particularly women, children and the elderly, and health and education.

In road transportation, there is a lot of scope for collaboration with ROK in areas like logistics, alternate technologies for road building, use of new machinery, trucking standards, fleet modernisation, safety features of vehicles, and road safety standards. India is also looking for widening and deepening the scope of Korean cooperation in innovative technologies for improving highway development, road engineering, road safety and development of green fuels in automobile sector and electric vehicles.

In the maritime sector, investment opportunities for Korea are extensive in building ports, port-led Industrialisation, construction of new berths/ terminals in existing major ports, capital and maintenance dredging, mechanisation, hinterland connectivity and evacuation infrastructure, ship building, ship repairing and ship recycling.

With its increased interest in improving regional and remote air connectivity, the Government of India is budgeting US$ 110 billion in civil aviation expansion and modernisation projects through 2020. The Government has plans to revive and operationalise around 160 airports in India by involving the private sector in the construction of airports through public-private partnerships (PPP), and providing substantial state support in terms of financing, concessional land allotment, tax holidays and other incentives. This offers opportunities for construction companies and airport operators to play a major role in the existing and upcoming airport infrastructure.

National Monetisation Pipeline aims at around US$ 81 billion worth of infrastructure projects that will be offered to the private sector on a long-term lease basis. About 13 sectors are included in the list, extending across sectors of roads and highways, railways, and power, among others. The Pipeline will be for the same timeperiod as the National Infrastructure Pipeline of 2020-25.

Indian and Korean companies need to explore India's infrastructure technology space where India's accelerated build-up mission can offer new opportunities for SMEs and startups in Industry 4.0. India's programs for mass transportation and Smart Cities are entering a new phase of technology-led development. Digital mapping, five-dimensional information modelling and design, smart asset management and so on will increasingly be required in the infrastructure sector, and startups and innovative companies can play a key role in these areas.

Energy

Collaboration in the field of exploration of hydrocarbon resources especially in the area of petroleum and natural gas can be fruitful between the two countries. The two countries can also cooperate in developing technologies for renewable energy sector and exchange experiences in energy management.

Renewable Energy

India is ranked the fourth most attractive renewable energy market in the world. As of 2020, India was ranked fourth in wind power, fifth in solar power and fourth in renewable power installed capacity.

The Government is aiming for an ambitious target of 227 GW of renewable energy capacity (including 114 GW of solar capacity addition and 67 GW of wind power capacity) by 2022. The Government also has set a target to reach renewable energy capacity of 523 GW (including 73 GW from hydro) by 2030.

India reached around 97 GW of renewable energy capacity as of July 2021, accounting for more than 25% of installed power capacity.

Up to 100% FDI is allowed under the automatic route for renewable energy generation and distribution projects subject to The Electricity Act, 2003.

ADVANTAGE INDIA: RENEWABLE ENERGY

- India has set a target to achieve 227 GW of renewable energy capacity by 2022.
- Installed renewable capacity recorded a CAGR of 17.33% between FY 2016-20.
- The Government plans to establish renewable energy capacity of 523 GW by 2030.
- As the economy grows, electricity consumption is projected to reach 15,280 TWh in 2040 from 4926 TWh in 2012 – demand will be driven by buildings, industry and transport sectors.
- As per Central Electricity Authority (CEA) estimates, the share of renewable energy generation in India would increase from 18% to 44%.
- In terms of tariffs paid by customers on renewable energy, India is one of the cheapest in the Asia Pacific region.

In 2020, India ranked 3rd globally in terms of renewable energy investments and plans, according estimates by analytics firm British Business Energy. India also occupied the 3rd rank in renewable energy country attractive index in 2021.

With the increased support of government and improved economics, the sector has become attractive from investors' perspective. As India looks to meet its energy demand on its own, which is expected to reach 15,820 TWh by 2040, renewable energy is set to play an important role.

Facilitative Policy Framework

- **FDI:** FDI of up to 100% is available in this sector through the automatic route
- **PLI Scheme in High efficiency Solar PV Modules:** The Government approved the PLI scheme 'National Programme on High Efficiency Solar PV Modules' in April 2021, for achieving manufacturing capacity of GW scale in high efficiency solar PV modules with an outlay of INR 45 billion. The scheme has provisions for setting up integrated manufacturing units of high efficiency solar PV modules by providing PLI on sales of such solar PV modules.
- **Standard bidding guidelines:** The Ministry has issued Guidelines for Tariff Based Competitive Bidding process for procurement of power from grid connected solar & wind power projects with an objective to provide a framework through a transparent process of bidding including standardisation of the process and defining of roles and responsibilities of various stakeholders.
- **Development of Ultra Mega Renewable Energy Power Parks (UMREPPs):** The objective of the UMREPP is to provide land upfront to the project developer and facilitate transmission infrastructure for developing Renewable Energy (RE) based UMPPs with solar/wind/hybrid and also with storage system, if required.
- **Grid-Connected Rooftop Solar (RTS) Programme:**
  To encourage rooftop solar (RTS) throughout the country, especially in rural regions, the Ministry of New and Renewable Energy (MNRE) plans to undertake Rooftop Solar Programme Phase II, which aims to install RTS capacity of 4,000 MW in the residential sector by 2022 with a provision subsidy.
- **Payment Comfort:** Opening of LCs by all DISCOMs/ distribution licensees for all producers: Ministry of Power has issued an order regarding opening and maintaining of adequate Letter of Credit (LC) as Payment Security Mechanism (PSM) under Power Purchase Agreements (PPAs) by Distribution Licensees (DISCOMs).
- **Solar PV manufacturing:** CPSU Scheme Phase-II (Government Producer Scheme) for setting up of solar PV power plants by Government Producers [Central Public Sector Undertakings (CPSUs)/State Public Sector Undertakings (SPSUs)/Government Organisations, etc.], as per extant Guidelines, in a World Trade Organisation (WTO) compliant manner, using domestically manufactured solar PV cells and modules to encourage 'Make in India'. In June 2021, the Indian Renewable Energy Development Agency Ltd. (IREDA) has invited bids from solar module manufacturers, for setting up solar manufacturing units under the Central Government's PLI scheme.
- **Wind-Solar Hybrid:** The National Wind-Solar Hybrid Policy provides a framework for promotion of large grid connected wind-solar PV hybrid system for efficient utilisation of wind and solar resources, transmission infrastructure and land. This system will help in reducing the

variability in renewable power generation and achieving better grid stability. The policy also aims to encourage new technologies, methods and way-outs involving combined operation of wind and solar PV plants.

- **Offshore Wind Power:** The National Offshore Wind Energy policy was notified in October 2015 with an objective to develop the offshore wind energy in the Indian Exclusive Economic Zone (EEZ) along the Indian coastline of 7600 km, eight zones are identified each in Gujarat and Tamil Nadu having cumulative offshore wind energy potential of 70 GW. Expression of Interest for first 1 GW offshore wind project was floated in April 2018.
- **Green Energy Corridors:** In order to facilitate integration of large-scale renewable generation capacity, a new scheme of “Green Energy Corridors” has been launched. This scheme involves strengthening of Intra state (being implemented by the STUs) and interstate transmission system (being implemented by the POWERGRID). Further, it also envisages setting up of control infrastructure comprising of forecasting of renewable generation, dynamic compensation, establishment of Renewable Energy Management Centres (REMC) at State/ Regional and National levels.
- **Renewable Energy Park at Runn of Kutch:** In July 2021, MNRE gave the go ahead to NTPC Renewable Energy Ltd., to build a 4,750 MW renewable energy park at the Rann of Kutch, Khavada, Gujarat. This will be India’s largest solar park to be developed by the country’s leading power producer

Future Areas of Cooperation

Biotechnology

India is among the top 12 destinations for biotechnology in the world, with approximately 3% share of the global biotechnology industry. The biotech industry in India is comprised of more than 5000 companies, with around 2,500 biotech companies and more than 2700 biotech start-ups.

The sector plays a critical role in the global vaccine market as a leader in the global supply of DPT, BCG and measles vaccines. The sector also contributes around 70% of WHO’s vaccines.

India is also the second largest in the world in recombinant Hepatitis B Vaccine as well as the second largest producer of genetically modified pet resistant plant cotton or BT cotton.

India has the highest number of US FDA approved plants (665) outside of the US as well as 44% of global abbreviated new drug applications (ANDA) and over 1400 manufacturing plants compliant with WHO.

The size of the Indian biotechnology industry was estimated at US$ 63 billion in 2019 and by 2025, the Indian Biotechnology industry is expected to reach a market size of US$150 billion, growing at a CAGR of 16.4%.

India became one of the 1st countries in the world to approve and market a biosimilar in 2000, following which over 98 biosimilars were approved in the country through September 2019. The Indian biologics market is expected to grow at a CAGR of 22% over the five-year period of 2019-2025, to reach US$ 12 billion by 2025.

Thus, biologics and biosimilars market together present a huge opportunity for India.

Under India's FDI Policy, 100% FDI is allowed under the automatic route for greenfield pharma.100% FDI is allowed under the government route for brownfield pharma in up to 74% FDI is under automatic route and beyond 74% is under the government approval route. FDI up to 100% is allowed under the automatic route for the manufacturing of medical devices.

Several Government initiatives have been undertaken for bolstering the growth of the sector further. During the Union Budget 2021-22, the Government allocated around US$ 228 million for biotechnology research and development. The Government also announced plans to set up nine biosafety level -3 (BSL-3) laboratories through Pradhan Mantri Aatmanirbhar Swasth Bharat Yojana.

India's biotech sector has attracted significant amount of attention over the past two decades. Several global companies have aggressively joined hands with Indian companies due to India's strong generic biotechnology potential.

In 2018, India and ROK signed an MoU in the area of biotechnology and bio economy. The MoU aims to broaden and deepen cooperation between the two countries in Science & Technology, in the fields of biotechnology and encouraging industrial R&D and related bilateral investment flows. The MoU will seek to promote cooperation in adoption of biotechnology and Bio Big Data in health, medicine, agro- fishery products, digital healthcare, precision medicine, brain research, and next generation-medical equipment.

Textiles and Apparel

The Indian Textiles industry is one of the largest in the world, with the textiles and apparel market expected to grow to US$ 190 billion by FY 2026.

India is the 6th largest exporter of textiles and apparel in the world and enjoys a high comparative advantage relative to other countries owing to its skilled workforce and low cost of production.

The textile and apparel industry in India is the biggest employer after agriculture and provides direct employment to 45 million people and another 100 million in allied sectors.

India is among one of the world's largest producers of jute and cotton and the second largest producer of silk. Around 95% of the world's hand-woven fabric is produced in India.

The aftermath of the COVID-19 outbreak proved the mettle of India's textile industry. The manufacturing of PPE kits was a challenge in India on account of the very few medical textile manufacturers in the country. The apparel and garments segment in the country was brought into the production stream for PPE coveralls. Pro-active actions, wide outreach and intensive interactions with fabric manufacturers and garment companies have now resulted in India becoming the second largest manufacturer of PPE in the world. India has more than 600 PPE manufacturers in the country today, whose global market worth is expected to exceed US$ 92.5 billion by 2025, increasing from US$ 52.7 billion in 2019.

In addition, the level of production and number of manufacturers of N-95 masks has been enhanced. From four BIS (Bureau of Indian Standards) licensed firms there are today eight such firms manufacturing more than 300,000 N-95 masks per day.

As of March 2021, the textiles and apparel industry in India received FDI inflows worth US$ 3.75 billion.

Facilitative Policy Framework

- **100% FDI is allowed** in textiles through the automatic route
- **Production Linked Incentive Scheme** worth INR 106.83 billion (US$ 1.44 billion) has been approved in Textile products for enhancing India's manufacturing capabilities, exports and attracting greater investments into the sector.
  - The scheme will promote production of high value Man Made Fiber (MMF) Fabric, garments, and technical textiles in the country.
  - It is estimated that the scheme will generate fresh investments of more than Rs 190 billion over a period of 5 years and will create additional employment opportunities of more than 7.5 lakh jobs in the sector and several lakhs more in other sectors.
  - The scheme is expected to significantly increase women's formal participation in the economy.
- To support the handloom weavers/entrepreneurs in the sector, the Ministry of Textiles approved the **Weaver MUDRA scheme** in 2019, under which credit at concessional interest rate of 6% is provided to the handloom weavers. Margin money assistance to a maximum of Rs, 10,000 per weaver and credit guarantee for a period of 3 years is also provided under the scheme. Mudra Portal has been developed, for reducing delays in disbursement of funds for margin money and interest subvention.

The domestic textiles and apparel industry contributes to 12% of the country's exports earnings. By 2025-26, the industry's exports are estimated to grow to US$ 65 billion, growing at a CAGR of 11%.

Clearly, the industry has the capability to move up the value chain. Korea's skilled talent in engineering could help strengthen India's apparel training and design centres in India. This would improve the competitiveness of Indian textile products in the exports markets.

In addition, the two countries could develop technical textiles together. These include products like diapers, wet wipes, protective clothing etc. India is importing 70-80% of these kinds of products so there is an opportunity for the Korean textile companies to set up manufacturing bases in India. Some of the other technical textile segments where Indian and Korean companies can collaborate are coated and laminated fabrics, agro textiles, sports textiles etc.

India's expertise in textiles is given in the fact that following Covid-19 onset, the Government had banned exports of N95 and 3-ply masks and personal protective equipment in January 2020. Industry appealed to it to permit exports beginning May onwards, by which time manufacturing had increased and surpluses were available. The Government in August 2020 permitted free exports of these items.

Food and Agriculture

Korea fulfils its food requirements through imports. Around 60-70% of their total requirement of food comes from Asia (especially China). India offers huge opportunity for Korea to diversify its sources for products like dairy items, fruits and vegetables, at a good quality and for a competitive price.

Mega food parks and industrial estates that are being set up by the Government of India also provide an opportunity for Korea to "plug and play"- set up manufacturing bases and supply as well as meet their own requirements- "make and market in India". Korea can also invest in cold chain infrastructure and provide technology in the areas of food retail, safety, and quality.

Besides being a large sourcing hub for agriculture produce, India has the advantage of a large and growing market. Changing consumption patterns due to urbanisation, changes in the gender composition of work force, and growing consumption rates have contributed to the increase in the size of processed food market. Further, about two-thirds of India's 1.3 billion people are young with growing incomes which also creates a large market for food products. The production strength, along with low levels of current processing, offer huge opportunities for growth of the food processing industry.

India is the second largest producer of fruits and vegetables in the world, but processing levels stand at just 2%. Thus, there is potential in harnessing the potential of processed fruits and vegetables in the form of frozen (IQF), canned, pulp, puree, pastes, sauces, snacks, dressings, flakes, dices, dehydration, pickles, juices, slices, chips, jams, jelly, etc. Processing levels of marine food in India are currently at 23%. There is increased demand for processed and ready to eat marine products in the domestic and overseas market which could be tapped into.

Poultry is a highly vertically integrated industry in India and matches the efficiency levels of many advanced countries. However, the current processing levels in poultry are 6%, while for meat, it stands at 21%. This presents significant opportunity for scaling up the segment.

The dairy segment in India is comparatively advanced with a 35% processing level at present. However, the scope is still significant. Per capita availability of milk in India has reached 375 grams per day in 2017-18, which is more than the world average of around 294.2 grams per day in 2017. Thus, the opportunities for value added products such as ghee, flavored yogurt, butter (with variants), flavored milk, cheese etc. are abundant.

Food Processing Policy Framework

FDI:

- 100% FDI is permitted under the automatic route in Food processing industries.
- 100% FDI is permitted in Manufacture of food products and for trading (including through e-commerce) for food products manufactured and/ or processed in India.

Enabling Sourcing:

- The **Agricultural Produce and Livestock Marketing (Promotion and Facilitation) [APLM]** Act 2017, includes clauses such as allowing single licenses for traders and de-listing perishables from the ambit of the APMCs
- The **electronic National Agriculture Market (e-NAM)** connects 585 mandis (trading centres) across 16 states and 2 Union Territories, forming the largest integrated virtual agriculture market in the world.
- The Government has opened up agriculture marketing to private players by deregulation of certain items from the Essential Commodities Act and permitting contract farming.

Infrastructure support

- To augment private investment in food processing, **Pradhan Mantri Kisan SAMPADA Yojana** (Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters) has been launched with an allocation of INR 60 billion for the period 2016-20.

- **Mega Food Park Scheme** is being implemented with the aim of creating modern infrastructure facilities for food processing along the value chain from farm to market with strong forward and backward linkages through a cluster-based approach. Financial assistance of up to INR 500 million per Mega Food Park project is approved. As of July 2019, out of the 42 proposed Mega Parks, 11 are already operational and others are in various stages of development.

Promoting exports

- The **Agricultural Export Policy**, 2018 has been formulated with a focused plan to boost India's agricultural exports to US$ 60 billion by 2022. Strategic focus under the policy includes policy measures, infrastructure and logistics. Diversifying India's export basket is also a big priority area.

Fiscal Incentives

- **Goods and Services Tax (GST):** Of all food categories taken together, 36% of the food items have been exempted from GST (0%) and 37% of the food items shall attract GST of 5%. Hence, almost 73% of the food items are under lowest tax slab of 0% or 5%.
- **Financing:** The food processing sector enjoys Priority Sector Lending. Further, to boost easy access of finance, infrastructure status is provided for projects like Mega Food Parks and Cold Chain. A special fund of Rs 20 billion has been set up in National Bank for Agriculture and Rural Development (NABARD) to provide credit at affordable rates to boost food processing sector. Loans are extended up to 95% of the eligible project cost for entities promoted by the State Governments while other categories of promoters are extended loans up to 75% of the project cost.

Other emerging sectors are outlined below:

- Packaged food segment reported double digit growth in 2018 with edible oils and dairy products accounting for a major share
- Healthy breakfast cereals segment is growing
- High demand for frozen vegetables amongst food service players; high demand for international frozen seafood
- Nutritious and organic packaged and processed foods (juices, oils, etc.)
- Other food segments which are showing high growth include sauces, soups, noodles & pasta, chocolate confectionary, specialized cheese, etc.

Leather

The Leather industry in India accounts for around 12.9% of the world's leather production of hides/skins and handles a robust annual production of about 3 bn sq. ft. of leather. The country accounts for 9% of the world's footwear production. The industry is known for its consistency in high export earnings, and it is among the top ten foreign exchange earners for the country.

India has an abundance of raw materials with access to 20% of world's cattle and buffalo and 11% of the world's goat and sheep population.

The Leather industry is an employment intensive industry providing job to more than 4 million people, mostly from the weaker sections of the society. Women employment is predominant in leather products industry with about 30% share. The leather industry in India has one of the youngest workforces with 55% of the workforce below 35 years of age.

The major markets for Indian Leather & Leather Products are USA with a share of 15.7%, Germany 11.6%, UK 10.5%, Italy 6.5%, France 5.7%, Spain 4.5%, UAE 3.9%, Netherlands 3.4%, Hong Kong 3.3%, China 2.6%, Poland 2.0%, and Belgium 2.0%.

India has strong raw material base and substantial production capacities with abundant labour in leather sector can provide an ideal ground for relocation of Korean leather industries either in the form of joint ventures or technical collaboration for producing leather and leather products in India.

FDI in leather products manufacturing is allowed up to 100% through the automatic route. The leather industry in India is delicensed which facilitates expansion on modern lines with state-of-the-art machinery and equipment.

Investment basics[8]

Business climate in India for ROK investments

India has been progressively liberalising its investment climate and opening up various sectors to FDI. Currently, India has one of the most open FDI regimes in the world with most sectors free for foreign participation, largely under the automatic route.

i. Sectors prohibited for FDI in India[9]

a) Lottery business including government/private lottery, online lotteries, etc.

b) Gambling and betting, including casinos, etc.

c) Chit funds

d) Nidhi companies

e) Trading in Transferable Development Rights (TDRs)

f) Real estate business or construction of farmhouses; real estate business shall not include development of townships, construction of residential/commercial premises, roads or bridges and Real Estate Investment Trusts (REITs) registered and regulated under SEBI (REITs) Regulations 2014

g) Manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes

h) Activities/sectors not open to private sector investment; for instance, atomic energy and railway operations

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.

8 This section is based on a note by Deloitte India

9 https://dipp.gov.in/sites/default/files/FDI_Circular_2016.pdf

To regulate opportunistic takeovers and acquisitions of Indian companies by foreign investors as a consequence of the COVID-19 pandemic, 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.

Table 14: 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. A 25% rate (plus any applicable surcharge and cess) also applies for FY 2021-22 (i.e., 1 April 2021 to 31 March 2022) to domestic companies with total turnover or gross receipts of up to INR 4 billion in FY 2019-20 (for FY 2020-21, the 25% rate applies to domestic companies with total turnover or gross receipts of up to INR 4 billion in FY 2018-19).

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.

Prior to 1 April 2020, Indian companies were required to pay DDT at a rate of 15% (an effective rate of approximately 20.56%, including a 12% surcharge, and a 4% health and education cess (subsequently referred to as cess)) on dividends declared, distributed, or paid to shareholders, and the dividend income was exempt from tax in the hands of the shareholders.

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.

Table 15: 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)

Rates				
Fees for technical services	2%/1.5%	2%/1.5%	10%/20% (plus surcharge and cess)	10%/20% (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%; the rate is temporarily reduced to 7.5% for interest paid as from 14 May 2020 through 31 March 2021.

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%. The rates are temporarily reduced to 1.5% and 7.5%, respectively, for royalties paid as from 14 May 2020 through 31 March 2021. 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%; the rate is temporarily reduced to 7.5% for fees paid as from 14 May 2020 through 31 March 2021.

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 35^{th} and the 65^{th} 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 filing deadline for the certificate for FY 2019-20 is extended to 15 January 2021.

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%.

Table 16: 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 equalisation levy of 6% on the amount of consideration in excess of INR 100,000 (US$ 1331.82) 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 equalisation 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 (US$ 0.26 million) during the tax year.

Income subject to the 6% equalisation 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 equalisation levy at 2%, is exempt from income tax only as from 1 April 2021. Therefore, for FY 2020-21, both equalisation 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

Starting a business in India

- Indian Company (either as a Joint Venture or Wholly Owned Subsidiary, which may have the nature of (i) Private Limited or (ii) Public Limited Company, under **Companies Act, 2013 or can commence business as Limited Liability Partnership (LLP).**

- Foreign Company- can commence business in India as
  (a) Liaison Office To represent the parent company in India
  (b) Branch Office To undertake activities such as Export, Import, research, consultancy etc
  (c) Project Office to undertake activities as per contract to execute project

Inbound Investment Routes:

Indian regulations currently allow global investors to invest in India via a number of different routes depending on the nature and purpose of the Investment. These include foreign direct investment (FDI), foreign venture capital investments (FVCI), foreign portfolio investment (FPI), external commercial borrowings (ECB) and Alternative Investment Fund (AIF) routes.

- Foreign Direct Investment (FDI) – Primarily used for private equity strategic investments
- Foreign Venture Capital Investments –Venture Capital Investment in specified sectors
- Foreign Portfolio Investments (FPI) - India is now seen as the most attractive emerging market

for allocating fresh commitments. The government has been proactive in trying to establish a regulatory and tax climate that is conducive for raising investment from foreign investors.

- Alternative investment funds (AIFs) registered under the SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations) is one of the most preferred routes by Foreign Portfolio Investors to Invest in Indian debt asset class

Key Business Statutes:

- The Companies Act, 2013, which governs the incorporation, financing, management, and restructuring of companies,
- The Indian Contract Act, which lays down general principles relating to the formation, enforceability, and breach of contracts; it also deals with the various types of contracts including those of indemnity, guarantee, bailment, pledge, and agency),
- Limited Liability Partnership (LLP) Act, which governs the organisation, management and dissolution of limited liability partnerships as well as the rights and liabilities of the limited liability partnership, its designated partners and other partners,
- Insolvency and Bankruptcy Code, which sets out the law governing insolvencies, liquidation and bankruptcies of companies, partnerships and individuals (presently notified only for companies),
- Transfer of Property Act,1882, which sets out the law relating to rights in relation to immovable property in India,
- Foreign Exchange Management Act (FEMA), which provides for India's foreign exchange management regime and regulates the conditions governing the inflow and outflow of foreign exchange and investment into/from India and the regulations issued thereunder, by the Reserve Bank together with the rules / circulars / press notes / guidelines issued by the Government of India setting out the foreign investment policy (including sector-specific requirements),
- Securities and Exchange Board of India (SEBI) Act, which governs the functions and powers of SEBI, India's securities market regulator,
- The Competition Act, which regulates combinations (merger control) and anti-competitive behaviour,
- The Income Tax Act, which prescribes the tax treatment of dividend, capital gains, mergers, demergers, and slump sales and
- Goods and Services Tax, which prescribes the regime taxing supply of goods and services.

Registration Process

The below are required to incorporate a new Company:

- Select, in order of preference, at least one suitable name up to a maximum of six names, indicative of the main objects of the company.
- Ensure that the name does not resemble the name of any other already registered company and also does not violate the provisions of emblems and names (Prevention of Improper Use Act, 1950) by availing the services of checking name availability on the portal.
- Apply to the concerned Registrar of Companies (RoC) to ascertain the availability of name in eForm1 A by logging in to the portal. A fee of INR 500/- has to be paid alongside and the digital

signature of the applicant proposing the company has to be attached in the form. If proposed name is not available, the user has to apply for a fresh name on the same application.

- After the name approval, the applicant can apply for registration of the new company by filing the required forms (that is Form 1, 18 and 32) within 60 days of name approval.
- Arrange for the drafting of the memorandum and articles of association by the solicitors, vetting of the same by RoC and printing of the same.
- Arrange for stamping of the memorandum and articles with the appropriate stamp duty.
- Get the Memorandum and the Articles signed by at least two subscribers in his/her own hand, his/her father's name, occupation, address and the number of shares subscribed for and witnessed by at least one person.
- Ensure that the Memorandum and Article is dated on a date after the date of stamping.
- Login to the portal and fill the following forms and attach the mandatory documents listed in the eForm
- Declaration of compliance - Form-1
- Notice of situation of registered office of the company - Form-18.
- Particulars of the Director's, Manager or Secretary - Form-32.
- Submit the following eForms after attaching the digital signature, pay the requisite filing and registration fees and send the physical copy of Memorandum and Article of Association to the RoC
- After processing of the Form is complete and Corporate Identity is generated, obtain Certificate of Incorporation from RoC.

Additional steps to be taken for formation of a Public Limited Company: To obtain Commencement of Business Certificate after incorporation of the company, the public company has to make following compliance -

- File a declaration in eForm 20 and attach the statement in lieu of the prospectus (schedule III) OR
- File a declaration in eForm 19 and attach the prospectus (Schedule II) to it.
- Obtain the Certificate of Commencement of Business.

Investment Environment in Korea

ROK is an attractive investment destination for foreign investors due to its political stability, public safety, world-class logistics and information and communications technology (ICT) infrastructure, highly educated and skilled workforce, and dynamic private sector.

Since adopting the Foreign Investment Promotion Act (FIPA) in 1998, the Korean government has significantly deregulated and opened up the country's economy to foreign investors by launching a wide range of programs and efforts to attract foreign direct investment. In the early days, much of the policy focused on expanding the absolute quantity of capital from overseas by providing incentives proportional to the amount of investment. FIPA features include:

- Simplified procedures, including those for FDI notification and registration,
- Expanded tax incentives for high technology investments,

- Reduced rental fees and lengthened lease durations for government land (including local government land),
- Increased central government support for local FDI incentives,
- Establishment of “Invest KOREA,” a one-stop investment promotion center within the KOTRA to assist foreign investors, and
- Establishment of a Foreign Investment Ombudsman.

Over time, Korea’s foreign investment policies have gradually evolved toward qualitative growth, particularly with respect to high-value-added industries that can enhance the global competitiveness and potential of the Korean economy and create more jobs. As a result, the services sector offers new and promising opportunities for the next wave of FDI.

The Korean government has established a system for resolving the pain points of foreign companies by holding regular roundtable discussions chaired by the Minister; roundtable discussions with CEOs of foreign-invested companies chaired by the head of the Trade and Investment Office; roundtable discussions with foreign chambers of commerce in Korea chaired by an Assistant Deputy Minister; departmental briefings; and separate committees for interdepartmental coordination.

Foreign and domestic private entities can establish and own business enterprises and engage in almost all forms of remunerative activity. The number of industrial sectors open to foreign investors is well above the Organisation for Economic Cooperation and Development (OECD) average, according to MOTIE. However, restrictions on foreign ownership remain for 30 industrial sectors, including three that are closed to foreign investment. These include:

Completely Closed

- Nuclear power generation
- Radio broadcasting
- Television broadcasting

Restricted Sectors (no more than 25 percent foreign equity)

- News agency activities

Restricted Sectors (less than 30 percent foreign equity)

- Publishing of daily newspapers

Restricted Sectors (no more than 30 percent foreign equity)

- Hydroelectric power generation
- Thermal power generation
- Solar power generation
- Other power generation

Restricted Sectors (no more than 49 percent foreign equity)

- Program distribution
- Cable networks

- Satellite and other broadcasting
- Wired telephone and other telecommunications
- Mobile telephone and other telecommunications
- Other telecommunications

Restricted Sectors (no more than 50 percent foreign equity)

- Farming of beef cattle
- Transmission/distribution of electricity
- Wholesale of meat
- Coastal water passenger transport
- Coastal water freight transport
- International air transport
- Domestic air transport
- Small air transport
- Publishing of magazines and periodicals
- Open but Regulated under Relevant Laws
- Growing of cereal crops and other food crops, except rice and barley
- Other inorganic chemistry production, except fuel for nuclear power generation
- Other nonferrous metals refining, smelting, and alloying
- Domestic commercial banking, except special banking area
- Radioactive waste collection, transportation, and disposal, except radioactive waste management

Investment Incentives

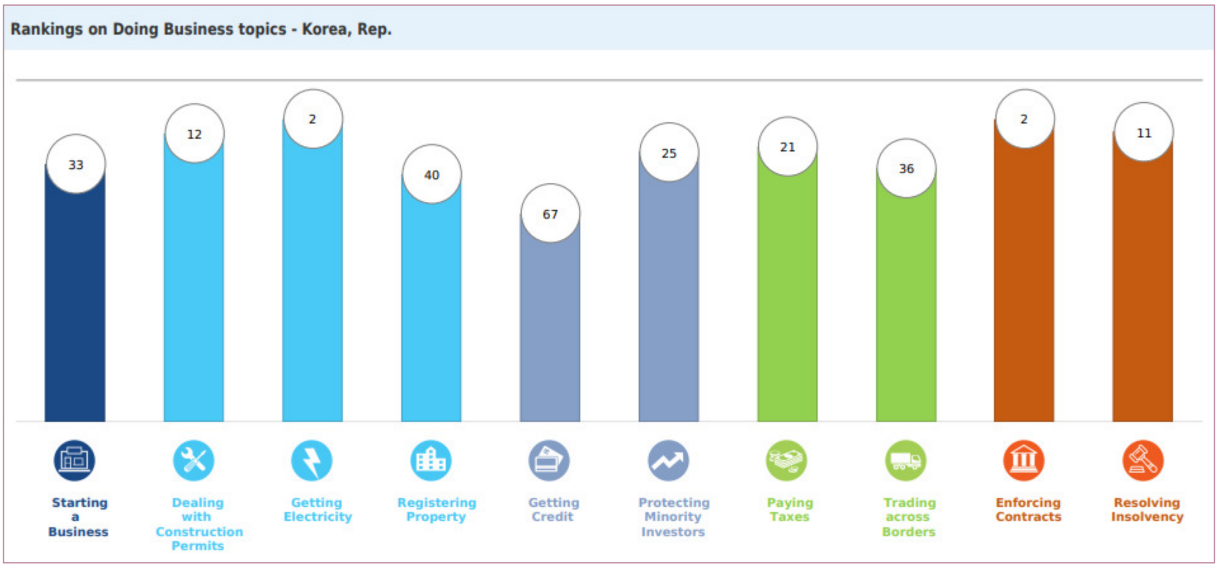
The South Korean government provides the following general incentives for foreign investors:

- Cash incentives for qualified foreign investments in free trade zones, foreign investment zones, free economic zones, industrial complexes, and similar facilities,
- Tax and cash incentives for the creation and expansion of workplaces for high-tech business plants and research and development centers,
- Reduced rent for land and site preparation for foreign investors,
- Grants for establishment of convenience facilities for foreigners,
- Reduced rent for state or public property,
- Preferential financial support for investing in major infrastructure projects and
- Support from the Seoul Metropolitan government, separate from the central government, for SMEs, high-technology businesses, and the biomedical industry.

Doing Business Indicators

Overall, Korea ranked 5th in the world in terms of the World Bank's Ease of Doing Business Indicators 2020. The individual ranking is as under:

Chart 12: Rankings of Doing Business Korea.



II. Company Incorporation in South Korea

Companies can be incorporated and registered in South Korea through the following process and regulations:[10]

i. Legal entities for doing business

There are three types of legal entities that can be incorporated to conduct business in South Korea, as follows:

a. Subsidiary
b. Branch office
c. Liaison office

a. **Subsidiary:** A prospective foreign investor desirous of doing business in South Korea may set up a subsidiary. The subsidiary formation is governed by the Foreign Investment Promotion Law and Commercial Code. As per the regulations of Foreign Investment Promotion Law, the minimum capital requirement for establishing a subsidiary is KRW 100 million. Furthermore, the investor should acquire a minimum of 10% of company's stock with voting rights.

b. **Branch office:** A foreign company can also carry out its operations in South Korea through a branch office. The establishment and operations of the branch office in South Korea are governed by the Foreign Exchange Transaction Law. The branch office of a foreign corporation is taxed in the same manner as resident companies. Remittance of retained earnings from a South Korean branch to its head office is subject to reporting to a designated foreign exchange bank in South Korea under the Foreign Exchange Transaction Law.

c. **Liaison office:** A liaison office can be regarded as a temporary set up established by a foreign investor prior to incorporating a fully functional office. A liaison office works on behalf of the head office and carries out non-sales activities such as establishing business contacts, undertaking market research, etc. There is no requirement for a separate registration of the liaison office, though the setting up and operations of the liaison office in South Korea are governed by the Foreign Exchange Transaction Law.

10 https://www.ecovis.com/kr/wp-content/uploads/2016/11/Guide-to-Business-Establishment_eng.pdf

ii. Company incorporation by foreign companies in South Korea

The table below lists the norms governing entities' set up in South Korea.

Table 17: Norms on Company Set-Up by Foreign Companies in South Korea

LEGAL ENTITY	SUBSIDIARY	BRANCH OFFICE	LIAISON OFFICE
Company seal	Required	Not applicable	Not applicable
Opening of commercial bank account required	Yes	Yes	Yes
Company registration required	Yes	Not applicable	Not applicable
Registration at court registry office	Not applicable	Yes	Not applicable
Major governing Law	Foreign Investment Promotion Law; Commercial Code	Foreign Exchange Transaction Law	Foreign Exchange Transaction Law
Type of corporation	Domestic Corporation	Foreign corporation	Works as a collateral to a corporation
Designated agency to process notification and grant permission	Korean Trade Investment Promotion Agency (KOTRA) or a foreign exchange bank	Designated foreign exchange bank, Ministry of Strategic and Finance (securities, insurance, etc.)	Foreign exchange bank
Tax obligations	Tax obligations for all domestic and overseas incomes	Tax obligation only on income attributable to branch office operations	Not applicable
Processing time	7 days	11–20 days	4–7 days

Source: KOTRA; Shieldgeo.com

iii. Steps for company registration in South Korea

The tables below list the steps for company registration and branch office registration in South Korea.

Table 18: Steps for Company Registration in South Korea

STEP 1: Make a company seal	Company seals are made for approximately KRW 30,000.[11]
STEP 2: Register company	A company can be registered online on Start-Biz upon payment of the corporate registration tax bill and incorporation fee. The initial step is to check for availability of the company name which is then followed by uploading required documents. **Estimated time:** 3 days **Estimated cost:** KRW 2,000 for e-registration, 2% of capital as capital registration tax, 20% of registration tax as education tax and KRW 10,000 for incorporation fee **Website link for company registration:** https://www.startbiz.go.kr/index.do

11 https://www.doingbusiness.org/en/data/exploreeconomies/korea#starting-a-business

STEP 3: Pay social security registration fee	At time of e-registration, the user will be directed to register for the Public Health Insurance Program, the National Pension Fund, Employment Insurance and Industrial Accident Compensation Insurance.
STEP 4: Open commercial bank account and deposit the capital	Business registration number, identification documents and an initial deposit are required to open a bank account.
STEP 5: File rules of employment	If a company in South Korea has 10 or more employees, then its working conditions need to be documented. Moreover, as per the Labor Standard Act, this needs to be filed with the labor authority, which is the Ministry of Labor and Employment.

Source: https://shieldgeo.com/setting-up-a-company-in-south-korea/

Table 19: Steps for Branch Office Registration in South Korea

STEP 1: Notify designated exchange bank	A branch office of a foreign corporation is required to designate a foreign exchange bank for the purpose of channelizing working capital. Any South Korean bank that handles foreign exchange can be designated for this purpose. Additionally, a notification to the Ministry of Strategy and Finance is also required if the branch office intends to operate any of the following businesses: • Financial business other than businesses including fund loans, brokering and overseas finance cards, and instalment financing • Businesses related to securities and insurance • Businesses that are not permitted under the Foreign Investment Promotion Law or any other laws
STEP 2: Register with court registry office	On confirmation of registration with the designated foreign exchange bank, it must be submitted to the registry office of the local court. The branch office must nominate a representative (who need not to be a Korean resident) for day-to-day administration of the branch office. **Estimated time:** 1-2 weeks
STEP 3: Register at tax office for business registration certificate	Business registration certificate is mandatory to for every business engaged in supplying goods or services, whether for profit or not. **Estimated time:** 1–3 days **Relevant Link:** https://www.nts.go.kr/eng/
STEP 4: Filing social security insurance and rules of employment	At the time of e-registration, the user will be directed to register for the Public Health Insurance Program, the National Pension Fund, Employment Insurance and Industrial Accident Compensation Insurance. If the branch office has 10 or more employees, then its working conditions need to be documented. Moreover, as per the Labor Standard Act, this needs to be filed with the Ministry of Labor and Employment.

Source: https://shieldgeo.com/setting-up-a-company-in-south-korea/

The table below lists the documents required for company incorporation registration and branch office registration in South Korea.

Table 20: List of Documents Required

Documents required for company incorporation registration	• Application for company incorporation registration • Articles of incorporation • Documents certifying acquisition of shares • Stock subscription agreement • Written consent to matters concerning issuance of shares • The minutes of the inaugural general meeting (notarization required if total capital of company is KRW 1 billion or more) • The minutes of Board of Directors meeting (notarization required if total capital of company is KRW 1 billion or more) • Certificate of deposit of payment for shares or certificate of balance • Review report by director, auditor or audit committee • Certificate of delivery of pertinent property • A public notary's report on the particulars of abnormal incorporation • A written statement by appraiser • A certified copy of inspector's report • Foreign investment notification certificate • Certificate of inauguration acceptance • Certificate of seal registration • Resident registration certificate • Translation of documents (wherever required) • Receipt of payment of registration tax • Revenue stamp of Supreme Court of Korea • Power of attorney (where an agent makes the application) • Corporate seal • Application form for issuance of corporate seal card (after registration of incorporation)

Documents required for branch office registration	• Notification form of the establishment of a foreign company's domestic branch • Documents certifying the foreign company (headquarters)'s name, location and major business operations (notarization of the location of the headquarters is required if the documents are not original copies) • In cases where a permit is required for the establishment of a branch office in accordance with other acts and statutes, a copy of documents certifying that such permit has been obtained • Articles of association of the headquarters • Board meeting minutes containing the company's plans to establish a branch office in Korea and details on the appointment of its representative in Korea • Specifications of the line of business that the company intends to operate in Korea and the scope of business • Power of attorney in cases where the establishment of a domestic branch is commissioned to another person (Notarisation of the location of the headquarters is required.) • Application form for seal registration of the representative of the Korean office (for the convenience of the representative and is not mandatory) • The branch representative's acceptance of appointment with a notarised signature and certificate of location

Source: KOTRA

Investment Climate in Select Indian States

Andhra Pradesh | Karnataka | Kerala | Tamil Nadu
Telangana | Uttar Pradesh | West Bengal

ANDHRA PRADESH

Overview

Andhra Pradesh is strategically located along the south east coast of India, sharing the Indian Ocean Rim with vibrant economies of South East Asia. Abundant in natural resources, the state has the second largest coastline in the country and is one of the largest producers of marine products.

During the nine-year period between 2011-12 and 2019-20, the Gross State Domestic Product (GSDP) of Andhra Pradesh, measured in terms of 2011-12 constant prices, grew from INR Rs.3794.02 billion to INR 6,720.18 billion. During the nine -year period between 2011-12 and 2018-19, the state's GSDP grew at a compound annual growth rate (CAGR) of 7.41.[12]

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

As of November 2019, the state had 20 operational special economic zones (SEZs), 32 SEZ's with formal approvals, 4 SEZ's with in-principle approval and an additional 27 notified SEZs, spread over diverse sectors[13].

Between April 2000 and June 2019, the state attracted FDI inflows amounting to US$ 18.75 billion, as per estimates by Department for Promotion of Industry and International Trade (DPIIT). Between October 2019 and June 2020, the state recorded FDI flows amounting to US$ 0.23 billion, accounting for 0.75% of total FDI inflows. The state ranked 12th among all states in terms of FDI inflows.

The first state to enact single window clearance, its industrial policies and various incentives have positioned it as a favorable investment destination for investors.

The Government of Andhra Pradesh (GoAP) has instituted key policies designed to facilitate investments and ensure a hassle-free experience in doing business in the state.

12 Calculations based on MOSPI data

13 https://www.ibef.org/states/andhra-pradesh.aspx

State Incentives

<table>
<tr><th>Area</th><th>Incentives</th></tr>
<tr><td>Ease of Doing Business</td><td>

- **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 abased 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
    - o Implementation of all large/mega ongoing projects
    - o Screening of all mega project proposals

</td></tr>
<tr><td>Fiscal Incentives</td><td>

- **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 is one of the three states selected under the centrally sponsored “Power for All” scheme.

</td></tr>
</table>

Area	Incentives
	o Power capacity allocation to Andhra Pradesh (as on 2nd June 2014) was 8,037 MW. The state intends to add around 16,484 MW in the next 5 years. 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[14]** 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, and automobiles VAT/CST/ SGST concession may be higher. – **Incentives for MSMEs** ***Stamp Duty*** o 100% of stamp duty and transfer duty paid by industry on purchase 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 100% of net VAT/CST/SGST will be reimbursed for a period of 5 years from the date of commencement of commercial production for micro & small enterprises. o 75% of net VAT/CST/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, for medium enterprises. • **Incentives for Swachh Andhra[15]** – 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 are certified by Andhra Pradesh Pollution Control Board (APPCB).

14 Value Added Tax, Central Sales Tax, State Goods and Services Tax

15 Clean Andhra

Area	Incentives
	– 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) for below mentioned green measures with a ceiling of INR 500 million (US$ 6.66 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[16]. ✓ ***Adopting rainwater harvesting;*** restoring water bodies by de-stilting defunct water bodies ✓ Any other environment management project approved by Empowered Committee of Secretaries.
Land	• **Government Land Bank** – Identified land bank of 0.3 million acres and the state is further in the process of consolidating an additional industrial land bank of approximately 0.7 million 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 1000 million (US$ 13.32 million), 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, o Other categories to be notified by the Government from time to time.

16 Andhra Pradesh Pollution Control Board

Area	Incentives
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.

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

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 (US$ 66.6 million) 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(US$ 66.6 million) 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.

KARNATAKA

Overview

The state of Karnataka located in the southern region of India, has established itself as a leading industrial state in the country. The IT hub of India, the state has the fourth largest technology cluster in the world.[17]

During 2011-12, Karnataka recorded a gross state domestic product (GSDP) of INR 6060. 48 billion (US$ 80.71 billion) measured in terms of 2011-12 constant prices. The GSDP of the state between 2011-12 and 2018-19 grew at a compound annual growth rate (CAGR) of around 8.18% to reach INR 11,366.34 billion (US$ 151.38 billion) during 2018-19. The state's GSDP accounted for about 9.32% of the total of all Indian states.[18]

Over the years, Karnataka has developed significant presence in sectors such as automobile, aerospace, agro, biotech, textiles and garments and heavy engineering industries. The state also boasts of around 23 operational IT/ITes SEZs, 5 software technology parks and dedicated IT investment regions.[19]

Also, a leading exporter, merchandise exports from the state stood at around US$ 17.36 billion in 2018-19.[20]

As per Department for Promotion of Industry and Internal Trade (DPIIT), cumulative FDI inflows to the state between the April 2000 and June 2019 period reached a total of US$ 40.68 billion.

The state also offers a wide range of fiscal and other policy incentives to industries and businesses. This has created an environment conducive for doing business and attracting greater investments to the state.

State Incentives

Area	Incentives
Ease of Doing Business	**Single Window Clearance Mechanism** o Regulatory and statutory approvals. o Nodal officer appointed for follow ups. o Online receipt of all applications. o Online project monitoring system. o Handbook for investors for guiding. **Simplification of regulatory procedures.** o Reduce time and cost of compliance. o Proposed to abolish trade license to all industries. o Simplify procurement of land and for speedy conversion of agriculture land. o Simplified procedure for acquiring land up to 30 acres and permitting deemed conversion.

17 https://www.ibef.org/industry/karnataka-presentation

18 Calculations based on MOSPI data

19 https://www.ibef.org/industry/karnataka-presentation

20 https://www.ibef.org/industry/karnataka-presentation

Area	Incentives
Incentives	**Incentives and concessions to MSMEs** o Investment Promotion Subsidy as % on Value of Fixed Assets (See Table 1, Annex). o Exemption from stamp duty and reimbursement of land conversion fee (See Table 2, Annex). o Other Incentives ✓ Exemption from entry tax (100% exemption on entry of Plant and Machinery). ✓ Subsidy for setting up Effluent Treatment Plant (50% of the cost). ✓ Interest subsidy for Micro Enterprises (5% subsidy on term loans). ✓ Exemption from Tax on Electricity Tariff (100% exemption for different period). ✓ Water Harvesting / Conservation Measures. ✓ Energy Conservation (10% of capital cost). o Technology up-gradation and Quality Certification (See Table 3, Annex) **Incentives and concessions for Large, Mega, Ultra Mega, Super Mega enterprises.** o Exemption from Stamp Duty and Reimbursement of Land Conversion Fee: – Other than Hyderabad Karnataka Area (See Table 4, Annex, for classification of zones) ✓ Zone 1: 100%, Zone 2: 100%, Zone 3: 75%, Zone 4: Nil – Hyderabad Karnataka Area ✓ HK Zone 1: 100%, HK Zone 2: o 100%Concessional Registration Charges ✓ Concessional rate of INR 1.00 per 1,000 INR o Other exemptions, incentives and concessions ✓ Exemption from Entry Tax (eligible for 100% exemption on entry of Plant & Machinery) ✓ Subsidy for Setting up Energy Effluent Treatment Plant (Exemption up to 50% of cost) ✓ Interest free loan (On 100% of VAT and CST paid from commencement of production)
Creation of Quality Infrastructure	**Establishment of new industrial areas through Karnataka Industrial Area Development Board (KIADB)** o Readily available land. o Plots allotted only after complete development of the industrial area. o Proposed to acquire 40,000 acres of land. o Adequate availability of power, water and transportation for industrial areas. o Information about availability of land in KIADB website. **Establishment of industrial corridor** o Chennai-Bangalore-Chitradurga o Bangalore-Mumbai economic corridor o State industrial corridor: Bangalore-Mandya-Mysore-Chamrajnagar, Chitradurga-Bellary-Gulbarga-Bidar, Dharwad-Koppal-Raichur, Bangalore-Hassan-Mysore, Tumkur-Shimoga-Honnavar, Raichur-Bagalkot-Belgaum

Area	Incentives
	Proposed to notify Special investment region o Dharwad, Gadag, Haveri and Belgaum Districts. o Development of areas as industrial nodes. • Up-gradation of Infrastructure in existing industrial areas and estates • Maintenance of industrial areas o Industrial township areas in Mysore, Peenya, Bommasandra, Belgaum, Hubli. o Uniform guidelines for fixing property tax, development cess • Establishment of Industrial Areas and Estates by Private Investors or through PPP or in association with other Government agency. • State level body to coordinate the requirements of the industry
Export Promotion	**Incentives and Concessions** o Exemption from Entry Tax: For 100% EOU and Min Export Obligation of 50%, entry tax exemption at 100% is available. o Refund of Certification Charges: Refund of Cost incurred for Export Consultancy/Market Intelligence Studies (For exporter who have turnover less than INR 50 million per annum. o Brand Promotion and Quality Assurance (50% expenses reimbursed): For exporters having turnover less than INR 50 million for setting warehouse, showrooms, display of international dept stores, testing and registration charges o Export-Import Management: 50% of certification course charges reimbursed. o Support for Establishment of Container Freight Stations and other export infrastructure (25% of cost of project with a ceiling limit of INR 20 million). o Support for creation of Export facilitation facilities, R&D and testing services: INR 5 million or 50% of cost whichever is less. o Market Development Assistance: ✓ South American Countries (Assistance up to INR 0.175 million) ✓ Other Countries (Assistance up to INR 0.15 million) o Reimbursement of Export Credit Guarantee Insurance: Max of INR 50,000 or 10% of premium paid towards Export Credit Guarantee Insurance. o Support for development of exports in Gherkins, Rose Onions and Floriculture: Financial assistance up to 10% of procurement cost of seeds and training expenses.

Reference Document: Karnataka Industrial Policy, 2014-19

Annex

Table 1: Investment Promotion Subsidy (% on Value of Fixed Assets)

Area	Micro	Small	Medium
Hyderabad-Karnataka			
Zone 1	30%, Max INR 1.8 million	25%, Max INR 4.5 million	20%, INR 5.5 million
Zone 2	25%, Max INR 1.5 million	20%, Max INR 4.0 million	15%, INR 5.0 million
Other than Hyderabad-Karnataka			
Zone 1	25%, Max INR 1.5 million	25%, Max INR 4.0 million	20%, INR 5.0 million
Zone 2	20%, Max INR 1.2 million	20%, Max INR 3.0 million	15%, INR 4.0 million
Zone 3	15%, INR 0.9 million	15%, INR 2.0 million	10%, INR 3.0 million
Zone 4	Nil	Nil	Nil

Table 2: Exemption from stamp duty and reimbursement of land conversion fee

Zones	Hyderabad-Karnataka	Other than Hyderabad-Karnataka
Zone 1	100%	100%
Zone 2	100%	100%
Zone 3	NA	75%
Zone 4	NA	Nil

Table 3: Technology up-gradation, Quality Certification

Incentive and Concession	Quantum and Zone
Interest subsidy on Technology Up-gradation Loan	5 % on loans availed from KSFC & Scheduled commercial banks- All zones
ISO Series Certification	75% of cost (max. INR 75,000)- Except zone 4
BIS Certification	50%of fees payable to BIS (max. INR 20,000)- All Zones
Technology Adoption	25% of cost (max. INR 50,000)
Technology Business Incubation Center	25% of the cost (max: INR 5 million)
Recycling of electronic waste and plastic waste	Additional investment promotion subsidy of 5% (Max INR 1 million)- Except zone 4

Table 4: Classification of Taluks[21] into zones

Hyderabad Karnataka Taluks	
Zone 1	Most backward taluks, total 20 taluks
Zone 2	More backward taluks, total 11 taluks
Other than Hyderabad Karnataka Taluks	
Zone 1	Most backward taluks, total 23 taluks
Zone 2	More backward taluks, total 51 taluks
Zone 3	Backward taluks, total 62 taluks
Zone 4	Industrial developed taluks 9 taluks

21 Taluk- administrative block

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[22]. 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[23].

Kerala's Gross State Domestic Product (GSDP) at constant prices, grew from INR 3,640.48 billion in 2011-12 to Rs.5,594.12 billion in 2018-19. Over these 8 years, the state's GSDP recorded a compound annual growth rate (CAGR) of 5.52%.

The state is a leader in rubber plantations and high demand for rubber has opened up several big opportunities for the state in the rubber industry[24].

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 (including Lakshadweep) received foreign direct investment (FDI) inflows to the tune of US$ 2.94 billion between April 2000 and March 2020.

Kerala has 29 formally approved Special Economic Zones (SEZs) as per the SEZ Act, 2005. The state's techno park in Thiruvananthapuram has been instrumental in attracting global electronics manufacturers[25].

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.

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.

22 https://www.ibef.org/states/kerala-presentation

23 https://www.ibef.org/states/Kerala-infographic

24 https://www.ibef.org/download/Kerala-May-2018.pdf

25 https://www.ibef.org/states/kerala-presentation

State Incentives

Area	Incentives
Ease of Doing Business	• 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. • 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 recognised 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.

Area	Incentives
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

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 high-technology industries, among others.

The Gross State Domestic Product (GSDP) of Tamil Nadu, at 2011-12 constant prices, stood at around INR 7,514.86 billion (US$ 100 billion) during 2011-12, which grew at a (CAGR) compound annual growth rate of 6.11 %, between the 8-year period of 2011-12 and 2018-19, to reach INR 12,075.26 billion (US$ 160.82 billion) in 2018-19.[26]

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 31.29 GW, as of November 2019. As of November 2019, the state had around 54 formally approved special economic zones (SEZs), 50 notified SEZs and 40 exporting SEZs.[27]

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. The state attracted cumulative FDI inflows to the tune of US$ 31.19 billion during April 2000 to September 2019, as per DPIIT.

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.

State Incentives

Area	Incentives
Ease of Doing Business	• **Single window Mechanism** – Government of Tamil Nadu has established a Single Window facilitation mechanism under the Guidance Bureau to accord in-principle composite approval for pre- project clearances at the State Government level; Committee headed by the Chief Secretary will monitor progress of final approvals of all such cases – TIDCO is mandated to facilitate various Infrastructure projects including Power, Port development, SEZ, waste treatment, handling and disposal, etc.

26 Calculations based on MOSPI data

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

<table>
<tr><th>Area</th><th>Incentives</th></tr>
<tr><td>Standard Incentives</td><td>To include all industries in categories A & B districts[28]
• Capital Subsidy and Electricity Tax Exemption
– Irrespective of the location of the project, new or expansion manufacturing units will be given a blackened capital subsidy and electricity tax exemption on power purchased from the Tamil Nadu Generation and Distribution Corporation Ltd. (TANGEDCO) or generated and consumed from captive sources based on employment and investment in fixed assets /eligible assets as the case may be, made within the following investment period (Table 1, see Annex).
– New or expansion manufacturing units located within SIPCOT Industrial parks in respect of A & B districts will be provided an additional capital subsidy of 50% over and above the eligible limit, as enumerated in table 1 (Table 1, see Annex).
– New or expansion manufacturing units located outside the SIPCOT Industrial Parks in B & C districts will be provided an additional capital subsidy of 10% and 25% respectively over and above the eligible limit, as enumerated in table 1 (Table 1, see Annex).
• Stamp Duty Concessions
– 50% Exemption from Stamp duty on lease or sale of land meant for industrial use shall be offered for projects located in Industrial parks promoted by SIPCOT in A and B category districts.
– In case of ultra-mega projects, this will be 100%, irrespective of location.
• 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 of Rs.3 million or 25% of capital cost of setting up such ETP/ HWTSDF, whichever is less.
– Individual Manufacturing Units adopting Zero Effluent or Wastewater Discharge, Clean Development Mechanism and Emissions Trading Mechanism will be given a higher amount of subsidy on a case-to-case basis.</td></tr>
<tr><td>Structured package of Incentives</td><td>Apart from standard incentives, Mega, Super-mega A, Super-mega B and Ultra-mega projects will be eligible for a structured package of incentives as detailed below (Table 2, see Annex), for A & B category districts, if they satisfy both the investment and the minimum employment criteria fixed for each category.</td></tr>
<tr><td>Additional Incentives</td><td>• Additional employment generation
– An additional 10% output VAT+CST paid will be given as Investment Promotion subsidy/soft loan to the investors if they double the committed employment levels within the investment period, which is capped to the investment made in the eligible fixed assets (EFA) during the Investment period. This additional incentive will be applicable for ‘B’ and ‘C’ category districts only.
• The investment period may be extended by the Government in deserving cases, for valid reasons.
• In the case of Investment Promotion Soft loan, the cap will be the one fixed for the respective categories/class. In the case of Investment Promotion subsidy, the cap will be half of the one fixed for the respective category/class. For soft loan, the interest charged will be 0.1% per annum. The project/company may exercise a onetime option for availing either Investment Promotion soft loan or subsidy before the commencement of the commercial production.</td></tr>
</table>

28 For the purpose of administering fiscal incentives, the districts of the state are classified as – 1. A comprising of Chennai, Tiruvallur & Kancheepuram; 2. B comprising of other than A & C districts (20 districts) and 3. C Southern districts (9 districts);

Area	Incentives
Special package for southern districts[29]	Industries set up in the southern districts will be eligible for a special package which will be higher than the package available for the rest of the State as detailed below (Table 3, see Annex) • **Capital Subsidy and Electricity Tax Exemption:** New or expansion manufacturing units established in Southern districts will be given a back-ended capital subsidy and Electricity Tax exemption as enumerated under standard incentives. • **Stamp Duty concession:** 50% Stamp duty concession shall be offered for lands purchased/leased for the projects located in areas other than Industrial parks promoted by SIPCOT – In the case of Ultra Mega projects and the projects located in SIPCOT Industrial Parks, this will be 100%. Parks would be valued at actual land or building value paid by the manufacturing company. • **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 of Rs.3 million or 25% of capital cost of setting up such ETP/ HWTSDF, whichever is less. – Individual Manufacturing Units adopting Zero Effluent or Wastewater Discharge, Clean Development Mechanism and Emissions Trading Mechanism will be given a higher amount of subsidy on a case-to-case basis. • **Structured Package of Incentives:** Apart from the standard incentives mentioned above, Mega, Super-mega A, Super-mega B and Ultra-mega projects set up in these districts will be eligible for a structured package of incentives (Table 4, see Annex). • Investments made below Rs.2 billion are also eligible for receiving VAT related fiscal incentives (Table 5, see Annex)
	• **Others** – SIPCOT will acquire and allot lands for starting new industries in Southern Districts where lands in SIPCOT parks are not available. For this, the minimum area required by the investing company shall be at least 25 acres and the investment should be more than INR 500 million. The lands required by the company shall be barren, non-irrigated and dry land to the extent possible. Land requirement with more than 10% wetlands will not be entertained. – The state shall allocate necessary funds for the industrial infrastructure development of the Southern districts to create common infrastructure like roads, water supply etc. – Uninterrupted power supply will be given to the projects set up in the Southern Districts if they are covered by MoU or Government Order (non-MoU)

Reference: Tamil Nadu Industrial Policy 2014, Industries Department, Government of Tamil Nadu

29 Southern Districts refer to the Districts of Madurai, Theni, Dindigul, Sivagangai, Ramanathapuram, Virudhunagar, Tirunelveli, Thoothukudi and Kanniyakumari

Annex

Table 1: Capital Subsidy and Electricity Tax Exemption

Investment in fixed assets/ eligible fixed assets (in INR billion)	Direct Employment (in numbers)	Capital Subsidy (in INR million)	Electricity tax exemption (in no. of years) from date of commercial production
0.05-0.5	100	3	2 years
0.5-1	200	6	3 years
1-2	300	10	4 years
2-5	400	15	5 years
5-15	600	17.5	5 years
15-30	800	20	5 years
30 and above	1000	22.5	5 years

Table 2: Fiscal incentives for Mega, Super-mega & Ultra-mega projects

Investment Category	Investment Range (in INR billion)		Fiscal Incentives Offered
	A Districts	B Districts	For A & B group districts
Mega	Above 5-15, creating an employment of 300 in 3 years	Above 3.5-10, creating an employment of 200 in 3 years	Net output VAT+CST paid will be given as Investment promotion subsidy/ soft loan for 10 years from the date of commercial production with a ceiling of 80% of investment made in EFA within the investment period. In respect of expansion projects, the cap will be 70%. Base volume principle and sliding scale will be applied.
Super Mega A	Above 15-30, creating an employment of 400 in 5 years	Above 10-20, creating an employment of 300 in 5 years	Net output VAT+CST paid will be given as Investment promotion subsidy/ soft loan for 12 years from date of commercial production with a ceiling of 90% of investment made in EFA within the investment period. If ceiling is not reached within 12 years, additional period up to 6 years will be considered. In respect of expansion projects, the cap will be 80%. Base volume principle and sliding scale will be applied. Refund of VAT paid on capital goods will be given as subsidy during the investment period. However, this subsidy will be included for capping of incentive based on Net Output VAT+CST.

Investment Category	Investment Range (in INR billion)		Fiscal Incentives Offered
	A Districts	B Districts	For A & B group districts
Super Mega B	Above 30-50, creating an employment of 600 in 6 years	Above 20-40, creating an employment of 500 in 6 years	Net output VAT+CST paid will be given as Investment promotion subsidy/ soft loan for 14 years from date of commercial production with a ceiling of 100% of investment made in EFA within the investment period. If ceiling is not reached within 14 years, additional period up to 7 years will be considered. In respect of expansion projects, the cap will be 80%. Base volume principle and sliding scale will be applied. Refund of VAT paid on capital goods will be given as subsidy during the investment period. However, this subsidy will be included for capping of incentive based on Net Output VAT+CST.
Ultra-Mega	Above 50, creating an employment of 700 in 7 years	Above 40, creating an employment of 600 in 7 years	Gross output VAT and CST paid will be given in the form of Investment Promotion Subsidy/soft loan for 16 years (or) till the cumulative availment of the gross Output VAT+CST paid by the Company reaches 100% of eligible investment within the investment period, whichever is earlier. Input VAT refund as Investment Promotion subsidy for a period concurrent with the period of output VAT+CST refund or soft loan. Refund of VAT paid on Capital Goods and tax paid on Works Contract will be given as subsidy during investment period. However, these two subsidies will be included for the ceiling fixed for Gross Output VAT+CST based incentive. In respect of expansion projects, the cap will be 80%. Base volume principle and Sliding scale will be applied.

Table 3: Special Package for Southern Districts

Category	Investment Range (in INR billion)
Mega Projects	Above 2-5 creating an employment of 100 in 4 years
Super Mega A	Above 5-15 creating an employment of 250 in 5 years
Super Mega B	Above 15-30 creating an employment of 350 in 6 years
Ultra-Mega	Above 30 creating an employment of 500 in 7 years

Note:

"Mega Project" means a manufacturing project, new or expansion, located in C category districts with the following investment ranges and creating the employment stipulated,

"Super Mega Project-A" means a manufacturing project, new or expansion, located in C category districts with the following investment ranges and creating the employment stipulated,

"Super Mega Project-B" means a manufacturing project, new or expansion, located in C category districts with the following investment ranges and creating the employment stipulated,

"Ultra-Mega Project" means a manufacturing project, new or expansion, located in C category districts with the following investment ranges and creating the employment stipulated.

Table 4: Structured Package of Incentives for Southern Districts

Investment Category	Investment Range (in INR billion)	Fiscal incentives offered
Mega	Above 2 to 5, creating an employment of 100 in 4 years	Net output VAT+CST paid will be given as Investment Promotion subsidy/ soft loan for 10 years from the date of commercial production with a ceiling of 100% of investment made in EFA within the investment period. In respect of expansion projects, the cap will be 100%. Base volume principle will be applied. No Sliding scale.
Super Mega A	Above 5-15, creating an employment of 250 in 5 years	Net output VAT+CST paid will be given as Investment Promotion subsidy/ soft loan for 12 years from the date of commercial production with a ceiling of 100% of investment made in EFA within the investment period. If ceiling is not reached within 12 years, additional period up to 6 years will be given. In respect of expansion projects, the cap will be 100%. Base volume principle will be applied. No Sliding scale. Refund of VAT paid on capital goods will be given as subsidy during the investment period.

Investment Category	Investment Range (in INR billion)	Fiscal incentives offered
Super Mega B	15-30, creating an employment of 350 in 6 years	Net output VAT+CST paid will be given as Investment Promotion subsidy/ soft loan for 14 years from the date of commercial production with a ceiling of 100% of investment made in EFA within the investment period. If ceiling is not reached within 14 years, additional period up to 7 years will be given. In respect of expansion projects, the cap will be 100%. Base volume principle will be applied. No Sliding scale. Refund of VAT paid on capital goods will be given as subsidy during the investment period.
Ultra-Mega B	Above 30, creating an employment of 500 in 7 years	Refund of gross output VAT and CST will be given in the form of Investment Promotion Subsidy for 16 years (or) till the cumulative availability of the gross Output VAT+CST paid by the Company reaches 100% of eligible investment within the investment period, whichever is earlier. Input VAT refund as Investment Promotion subsidy for a period concurrent with the period of output VAT/CST refund or soft loan. Refund of VAT paid on Capital Goods will be given as subsidy during investment period. Refund of tax paid on Works Contract will be given as subsidy during investment period. In respect of expansion projects, the cap will be 100%. Base volume principle will be applied. No Sliding scale.

Table 5: VAT related Fiscal Incentives

Investment within 3 years	Soft loan given would be equal to VAT paid in the
INR 500-1000 million	First 3 years from the commencement of commercial production
INR 1000-2000 million	First 4 years from the commencement of commercial production

TELANGANA

Overview

Telangana, the 29th state of India was formed in June 2014, with Hyderabad as its capital.

The Gross State Domestic Product (GSDP) of the state, measured in terms of constant prices with base year as 2011-12, grew from Rs 3594.34 billion (US$ 47.87 billion) in 2011-12 to INR 6632.58 billion (US$ 88.33 billion) during 2019-20. During the nine-year period between 2011-12 and 2019-20, the states' GSDP grew significantly, recording a compound annual growth rate (CAGR) of 7.04%[30].

The state's capital, Hyderabad is a hub for information technology and pharmaceutical sectors and accounted for approximately 20% of India's total exports. The capital is also home to some of the global IT leaders such as Google, Facebook, IBM, Microsoft, among others.

Telangana has become the pharmaceutical manufacturing hub for the country, attracting over US$ 1.49 billion investments in the life sciences sector in the past four years[31].

The total installed power capacity of the state was 16,436.52 MW, as of February 2020[32].

As of November 2019, Telangana has around 29 operational SEZs, 56 notified SEZs and 63 formally approved SEZs[33].

As per estimates of DPIIT, the state received cumulative foreign direct investment (FDI) inflows worth around US$ 19 billion, between April 2000 and September 2019.

The Telangana State Industrialisation Policy intends to create a conducive regulatory environment that facilitates business growth and encourages innovation and entrepreneurship, that in turn creates employment along with ensuring social equality.

The states' investment and Industrialisation policies are designed to facilitate a hassle-free business environment that promotes local, domestic as well as international investments.

State Incentives

Area	Incentives
Ease of Doing Business/Facilitation of Industries	• Strengthening of existing Single Window Clearance System by the Telangana State Industrial Project Approval and Self Certification System (TS-iPASS). • Creation of "Investment Promotion Cell" • A Cell would be created in the Commissionerate of Industries to facilitate the investors in effective manner with adequate infrastructure and outsourcing the support services to facilitate investors by providing pre-investment services and also to facilitate them to get requisite clearances under the TS-iPASS till the project is commissioned

30 CII calculations based on MOSPI data
31 https://www.ibef.org/states/telangana.aspx
32 https://www.ibef.org/states/telangana.aspx
33 https://www.ibef.org/states/telangana.aspx

Area	Incentives
Micro and Small Enterprises	• 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use. • 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings and mortgages and hypothecations. • 25% rebate in land cost limited to INR 1 million in Industrial Estates/ Industrial Parks. • 25% Land conversion charges for industrial use limited to INR 1 million. • Fixed power cost reimbursement @ INR 1.00 per unit for 5 years from the date of commencement of commercial production. • 15% investment subsidy on fixed capital investment subject to a maximum of INR 2 million. • Reimbursement of 100% net VAT/CST or State Goods and Services • Tax (SGST) for a period of 5 years from the date of commencement of commercial production. • Interest subsidy under Pavala Vaddi Scheme on the term loan taken on the fixed capital investment by New Micro and Small Enterprises in excess of 3% per annum subject to a maximum reimbursement of 9% per annum for a period of 5 years from the date of commencement of commercial production. • Seed capital assistance to First Generation Entrepreneurs to set-up Micro Enterprises @10% of the Machinery cost, which will be deducted from the eligible investment subsidy. • 50% Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person. • 50% subsidy on the expenses incurred for quality certification/ patent registration limited to INR 0.2 million • 25% subsidy on specific cleaner production measures limited to INR 0.5 million.
Medium Enterprises & Large Industries	• 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use. • 100% reimbursement of Stamp duty for Lease of Land/Shed/ Buildings and mortgages and hypothecations. • 25% rebate in land cost limited to INR 1 million in Industrial Estates/Industrial Parks. • 25% Land conversion charges for industrial use limited to INR 1 million only for Medium Enterprises. • Fixed power cost reimbursement @ INR 1.00 per unit for a period of 5 years from the date of commencement of commercial production. • Reimbursement of 75% net VAT/CST or State Goods and Services Tax (SGST) for a period of 7 years from the date of commencement of commercial production for Medium Scale Enterprises or up to realization of 100% fixed capital investment, whichever is earlier. • Reimbursement of 50% net VAT/CST or State Goods and Services Tax (SGST) for a period of 7 years from the date of commencement of commercial production for Large Scale Industries or up to realization of 100% fixed capital investment, whichever is earlier.

Area	Incentives
	• 50% Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person. 50% subsidy on the expenses incurred for quality certification/ patent registration limited to INR 0.2 million only for Medium Enterprises. • 25% subsidy on specific cleaner production measures limited to INR 0.5 million. • Infrastructure like roads, power and water will be provided at door step of the industry for standalone units by contributing 50% of the cost of infrastructure from Industrial Infrastructure Development Fund (IIDF) with a ceiling of INR 10 million, subject to (a) the location should be beyond 10 kms from the existing Industrial Estates/IDA's having vacant land/shed for allotment and (b) cost of the infrastructure limited to 15% of the eligible fixed capital investment made in the industry.
Existing Micro/Small/ Medium Industries	• 50% subsidy on the expenses incurred for quality certification limited to INR 0.2 million.
Infrastructure Support	• To provide INR 1 billion of budget every year for promotion of quality infrastructure like roads, power, water, waste management etc. under IIDF Scheme. • Reservation of 30-40% of the land for MSMEs in the upcoming industrial estates developed by Telangana Industrial Infrastructure Corporation (TSIIC).
Other Benefits (All Categories)	• 10% of water is reserved for industrial use from the existing projects as well as future projects.

Reference: Incentives for setting up of New Industrial Enterprises in Telangana State– T-IDEA Incentive Scheme 2014 G.O.Ms.No.28

https://tsiic.telangana.gov.in/pdf/2014INDS_MS28.pdf

UTTAR PRADESH

Overview

Spread across 2,40,928 square kms, Uttar Pradesh (UP) is the fourth largest state in India[34]. Uttar Pradesh is also the most populous state in the country with a population of around 200 million, accounting for around 16.5% (as per 2011 census) of India's total population.

During 2011-12, UP's GSDP stood at INR 7240.5 billion, in terms of constant (2011-12) prices. The GSDP grew at a CAGR of 5% during the 9-year period between 2011-12 and 2019-20, to reach a GSDP of INR 11668.17 billion during 2019-20.[35] UP is one of the poorer states in the country with a low per capita income. However, it enjoys vibrant industrial hubs and clusters and is aiming to emerge as an attractive industrial destination through proactive state-level reforms.

The state is the largest producer of food grains in the country, producing key crops such as rice, wheat, maize, among others. It is also one of the leading tourist destinations in the country owing to the presence of the Taj Mahal in Agra, Varanasi and Buddhist sites, and many other historical cities and religious centres. A major exporter, merchandise exports from the state stood at US$ 16.29 billion in 2018-19[36].

As of 2019, the state recorded an installed power generation capacity of 25,958 MW[37]. The state also has a significant presence of MSMEs and a large base of skilled workers. The state has emerged as a preferred location for IT and ITeS industries, captive business process outsourcing (BPO) and electronics.

Between October 2019 and December 2020, the state attracted FDI equity inflows worth US$ 664. 66 million.

The Government of UP (GoUP) offers a wide range of subsidies, fiscal and policy incentives and assistance to businesses and sector-specific policies for IT and biotechnology. The Industrial Investment and Employment Promotion Policy of Uttar Pradesh 2017 envisages to create an enabling framework that strengthens existing industries by enhancing their competitiveness while harnessing the strengths of the new ones. This in turn will help in attracting national as well as international investments. UP is in the process of creating an electronics park near the proposed new international airport of Jewar. A defence corridor with 6 nodes is being developed as well.

All these factors make Uttar Pradesh a strong option for setting up business as well as investment for both domestic and foreign investors.

The incentives provided by the State's Industrial Investment and Employment Promotion Policy 2017 are listed below.

34 Reference: Industrial Investment and Employment Promotion Policy of Uttar Pradesh, 2017

35 Calculations based on MOSPI data

36 https://www.ibef.org/states/uttar-pradesh.aspx

37 https://www.ibef.org/states/uttar-pradesh.aspx

State Incentives

Area	Incentives
Ease of Doing Business	• A dedicated Single Window Clearance Department directly under the Chief Minister's Office is the sole interface of the Government for providing all industrial services/ clearances/ approvals/ permissions/ licenses • Single Window Technology Portal of international standards is developed through which applications will be received and all industrial services/ clearances/ approvals/ permissions/ licenses will be delivered online • For effective functioning of the Single Window Clearance mechanism a State Level Committee chaired by the Chief Secretary, GoUP will be constituted • For creating an enabling structure to expedite decision making pertaining to industrial projects, State Investment Promotion Board (SIPB) will be constituted under the Chairmanship of Chief Minister and the Chief Secretary to the Government as Member Convener.
Fiscal Incentives	• Stamp duty exemption of 100% in Bundelkhand & Poorvanchal, 75% in Madhyanchal & Paschimanchal (except Gautambuddhnagar & Ghaziabad districts) region of the state and 50% in Gautambuddhnagar & Ghaziabad districts. • Employee Provident Fund (EPF) reimbursement facility to the extent of 50% of employer's contribution to all such new Industrial units providing direct employment to 100 or more unskilled workers. • Reimbursement of net VAT and CST or the net amount deposited in State's account vis-a-vis share of the state under GST as follows which will not be more than the amount deposited annually • 90% for Small Industries for 5 years subject to annual ceiling of 20% of capital investment or actual tax deposited, whichever is lower, with an overall ceiling of 100% of fixed capital investment in Bundelkhand & Poorvanchal, 90% of fixed capital investment in Madhyanchal & Paschimanchal (except Gautambuddhnagar & Ghaziabad districts) and 80% of fixed capital investment in Gautambuddhnagar & Ghaziabad districts. • 60% for Medium Industries for 5 years subject to annual ceiling of 20% of capital investment or actual tax deposited, whichever is lower, with an overall ceiling of 100% of fixed capital investment in Bundelkhand & Poorvanchal, 90% of fixed capital investment in Madhyanchal & Paschimanchal (except Gautambuddhnagar & Ghaziabad districts) and 80% of fixed capital investment in Gautambuddhnagar & Ghaziabad districts. • 60% for large Industries (capital investment of above INR 100 million and below the capital investment required for consideration under various categories of mega investment) for 5 years subject to annual ceiling of 20% of capital investment or actual tax deposited, whichever is lower, with an overall ceiling of 100% of fixed capital investment in Bundelkhand & Poorvanchal, 90% of fixed capital investment in Madhyanchal & Paschimanchal (except Gautambuddh Nagar & Ghaziabad districts) and 80% of fixed capital investment in Gautambuddh Nagar & Ghaziabad districts. • 70% for Mega/ Mega Plus/ Super Mega category Industries for 10 years subject to annual ceiling of 20% of capital investment reimbursed or actual tax deposited, whichever is lower, with an overall ceiling of 300% of fixed capital investment Bundelkhand & Poorvanchal, 200% of fixed capital investment in Madhyanchal, 100% in Paschimanchal (except Gautambuddh Nagar & Ghaziabad districts) and 80% of fixed capital investment Gautambuddh Nagar & Ghaziabad districts.

Area	Incentives
	• Capital Interest Subsidy to the extent of 5% per annum for 5 years in the form of reimbursement on loan taken for procurement of plant & machinery, subject to an annual ceiling of INR 5 million. • Infrastructure Interest Subsidy to the extent of 5% per annum for 5 years in the form of reimbursement on loan taken for development of infrastructural amenities for self-use like roads, sewer, water drainage, erection of power line, transformer and power feeder, subject to an overall ceiling of INR 10 million. • Exemption from electricity duty to all new industrial units set up in the state for 10 years. • Exemption from electricity duty for 10 years to all new industrial units producing electricity from captive power plants for self-use. • Exemption from Mandi fee for all new food processing units on purchase of raw material for 5 years. • Industries which are disallowed for input tax credit under GST regime, will be provided reimbursement of that amount of VAT/CST/GST paid on purchase of plant and machinery, building material and other capital goods during construction and commissioning period and raw materials and other inputs in respect of which input tax credit has not been allowed. • Interest free loan equivalent to the sum of VAT and CST/state share of GST deposited by industrial units admissible to eligible industrial units under the previous policy will be continued
Land	• Government will identify vacant land that can be used for the purpose of Land Banks for industry in industrial areas/ zones. • Availability of land parcels at competitive prices to investors. • Necessary infrastructure planning in existing and new areas as per industry requirements in all regions, based on geographical strength and after assessment of demand. • Rules relating to allotment and management of land will be rationalized and made investor friendly including land use change.
Power	• Identify and provide industrial clusters having minimum specified load with independent feeders and exemption from power cuts. • Procedure from enhancement, reduction and surrender of power load to be simplified. • Open access for all industry sectors in the state and single point open access to private industrial parks in accordance with Electricity Act 2003.
National Investment & Manufacturing Zones (NIMZ)	• Speedy implementation of two NIMZs in Jhansi and Auraiya under provision of National Manufacturing Policy • Manufacturing industries set up in this area to be provided with facilities such as simplified business regulations; incentives for technology acquisitions and production/adoption of pollution control equipment/machines/devices; skill development incentives by private sector; access to finance for small and medium enterprises
Special Economic Zones (SEZ)	• 19 SEZs have been notified in the state in addition to Noida & Moradabad SEZs set up by the Central & State Governments respectively • SEZ's to be provided with simplified clearances, world class infrastructure and a stable fiscal regime

Area	Incentives
Industrial & Investment regions and Integrated Manufacturing Clusters	• Speedy access to key markets; adequate supply of water and electricity; excellent waste management system and recycling facilities with advanced infrastructure to suit requirements of modern industries
Support to MSME Sector	• A corpus fund will be created to implement 'Vishwakarma Shram Samman Yojana' (scheme for artisans) to provide assistance in terms of margin money subsidy and interest subsidy to artisans and entrepreneurs of local traditional industries. • GoUP with assistance from financial institutions will create an SME Venture Capital Fund for promoting Start-ups and emerging SMEs.
Promotion of Industrial Parks/ Estates	• **Developing new industrial parks and upgrading new ones** – Focus on developing food, IT, textile and pharma parks & parks around major national highways, expressways and state highways. – Promote country specific industrial parks. – Logistic facilities including truck terminals and accommodation facilities for employees in all major industrial parks. • **Promoting private industrial parks/estates** – Provision of financial assistance to developers of such estates/parks. – Assistance in identifying suitable land to accelerate investments in planned manner by providing plug and play facilities – Truck parking bays and accommodation facilities for all employees – Special focus on promoting industrial parks around Kanpur, Kanpur-Allahabad and Varanasi-Allahabad zones. • **Incentives for private sector industrial parks/estates** – Government to provide following incentives to industrial parks/ estates of more than 100 acres in Bundelkhand & Poorvanchal; 150 acres in Madhyanchal; and more than 50 acres in case of Agro Parks in Bundelkhand, Poorvanchal and Madhyanchal developed by private sector: – Interest subsidy in the form of reimbursement of interest of up to 50% of annual interest on the loan taken to buy land, calculated on the basis of prevalent circle rate, for 7 years subject to a maximum ceiling of INR 50 lacs per annum per industrial estate/agro park. – Interest subsidy in the form of reimbursement of interest of up to 60% of annual interest for 7 years on the loan taken for building infrastructure in the industrial parks/ estates subject to INR 100 million per year with an overall ceiling of INR 500 million per industrial estate/agro park. – Interest subsidy in the form of reimbursement of interest of up to 60% of annual interest for 7 years on the loan taken for building Hostel/Dormitory Housing for workers in the industrial parks/ estates subject INR 50 million per year with an overall ceiling of INR 300 million per industrial estate/agro park. – 100% exemption/ reimbursement on stamp duty on the purchase of land by the developer and 50% exemption on stamp duty to individual buyers (first) will be provided on purchase of plot in the industrial parks/ estates.

Area	Incentives
Environment Related Reforms	• Effluent Treatment Plant (ETP) and rainwater harvesting will be encouraged • Need based financial assistance to be provided for development of Green Industrial Estate • Need based financial assistance to be provided for shifting chemical-based units from residential zone to industrial zone
Skill Development & Innovation	• GoUP will periodically map Industry specific skill gaps & requirements and introduce industry-responsive short term, long term & modular courses in existing Industrial Training Institutes (it is), Polytechnic & Engineering colleges with active user-industry participation and involvement in formulating the course material and training • Establishing Skill Development Centres in major industrial areas/ clusters/ parks with special focus on harnessing the social capital in rural areas **Innovation – Promoting Start-Ups** • Regulatory Simplification and Handholding • Funding Support and Incentives • Incubation Support
Additional Incentives	• Units generating minimum employment of 200 direct workers including skilled and unskilled will be provided 10% additional EPF reimbursement facility on employer's contribution • Infrastructure Interest Subsidy of 5% per annum for 5 years for development of infrastructural amenities for self-use subject to an overall ceiling of Rs 10 million • Interest subsidy of 5% per annum for 5 years for industrial research, quality improvement and development of products by incurring expenditure on procurement of plant, machinery & equipment for setting up testing labs, quality certification labs and tool rooms, subject to an overall ceiling of Rs 10 million

Reference: Industrial Investment and Employment Promotion Policy of Uttar Pradesh, 2017

WEST BENGAL

Overview

Situated in the eastern part of India, the state of West Bengal is one of India's largest state economies and ranks as the sixth largest state in terms of economic size. The largest producer of rice in India, the state is also rich in minerals and is projected to be the next major IT hub of India.

West Bengal's gross state domestic product (GSDP) increased from INR 5204.85 billion (US$ 69.32 billion) in 2011-12 to reach INR 7932.23 billion during 2019-20. During this 9-year period, the GSDP of West Bengal recorded a compound annual growth rate (CAGR) of around 4.8%.[38]

The state is also the second largest tea producing state in India and a major producer of fish. West Bengal is also a key producer of petroleum and petrochemicals.

The state had an installed power generation capacity of 10,786.89 MW as of November 2019[39].

The state achieved the 11th rank among Indian states in ease of doing business and reforms. Along with the states of Sikkim, Andaman and Nicobar Islands, the state attracted FDI investment flows to the tune of US$ 5.6 billion between April 2000 and June 2019, as per estimates of DPIIT.

Recent policies such as West Bengal Information Technology and Electronics Policy of 2018 envisages the state as one of the leading IT states of India. These along with the states' industrial and investment policies have created a favourable business environment and has made West Bengal as one of the most attractive destinations for foreign investments.

State Incentives

Area	Incentives
Ease of Doing Business	• **Ease of Doing Business (EoDB) through creation of a Single Window System for industrial start-ups.** – Initiatives undertaken based on simplified tax regime and e-governance in financial matters in Phase 1. – Extension of EoDB to other aspects of business cycle – from setting up of business to a Single Window Service Delivery System and covering incentive tracking and delivery, in phase 2 – Other components ▪ Shilpa Sathi (e-enabled business portal). ▪ Time Bound, process driven, and ICT enabled systems – all applications to be cleared by line departments; all enquiries, approvals, rejections to be completed within 30 days, etc. ▪ E-tendering and e-Procurement. ▪ Optimum incentives to the Investors. ▪ Minimizing time and space of file movement- reducing red tape. ▪ Ready Land Bank information in public domain. ▪ Bringing the best talent and knowledge in the private sector in planning and implementation through Transaction Advisory services from empanelled firms. ▪ Transparency in the allotment and sharing of public resources.

38 Calculations based on MOSPI data

39 https://www.ibef.org/states/west-bengal.aspx

Area	Incentives
Fiscal Incentives	• **Fiscal incentives and concessions for Investment under scale 1** (Rs 100-1000 million Fixed Capital Investment (FCI)) – Industrial Promotion Assistance (IPA) ▪ Industrial units under Group B, C & D (See Table 1, Annex) and falling in scale 1 will be granted Industrial Promotion Assistance (IPA) ▪ Total IPA for which an industrial unit would be eligible shall be equivalent to certain percentage of the tax paid by the unit in the previous year. ▪ Central Sales Tax (CST) shall be considered for the first three years from the Commencement of Commercial Production as certified by DI. ▪ IPA would be admissible for a number of years (See Table 2, annex) and up to 75% of the FCI by the industry, whichever is reached earlier. – Waiver of Electricity Duty ▪ An eligible unit with investment under scale 1, provided the unit has obtained all kinds of statutory clearance will be entitled to receive subsidy on Electricity Duty (See Table 3, Annex) – Stamp Duty ▪ The new Industries under Scale 1 will be eligible for 75 % Stamp Duty refund for all the areas. The stamp duty paid by the unit has to be certified by the concerned Registering Authority. • **Fiscal Incentives for Investment under Scale – 2,3 & 4** – Industrial Promotion Assistance (IPA) ▪ Industrial units under Group B, Group C and Group D falling in the scales of 2, 3 & 4 will be granted Industrial Promotion Assistance (IPA). ▪ The IPA for which an industrial unit would be eligible shall be equivalent to certain percentage of the tax paid by the unit in the previous year. ▪ Value Added Tax (VAT) shall be considered for the entire eligible period. ▪ Central Sales Tax (CST) shall be considered for the first three years from the Commencement of Commercial ▪ Production as certified by DI. IPA would be admissible for a number of years (See Tables 4.1 -4.3, Annex) and up to 75% of the Fixed Capital Investment by the industry, whichever is reached earlier. – Exemption from Stamp Duty ▪ Stamp Duty to be paid in respect of loan agreements, credit deeds mortgage and hypothecation deeds executed for availing term loans from State Govt. and/or State Financial Corporation, Industrial Investment Development Corporation, National Level Financial Institutions, commercial Banks, RRBs, Co-operative Banks, West Bengal State SC/ST Development Corporation, West Bengal State Minority Development Corporation and other institutions which may be notified by the Government from time to time for the initial period of five years only and for lease deeds, lease cum- sale and absolute sale deeds executed by industrial enterprises in respect of industrial plots, sheds, industrial tenements, by WBIIDC, WBIDC, WBSIDC, Industrial Co-operatives and approved private industrial estates shall be exempted as (See Table 5, Annex) • **Fiscal Incentives common for Investment under Scale – 1, 2, 3 & 4:** – Anchor Unit Subsidy ▪ Anchor unit subsidy of INR 10 million shall be offered for the first two manufacturing enterprises with minimum employment of 100 members and minimum investment of INR 500 million in each of the Sub-Divisions coming in Groups- B, C & D (subsidy applicable only in areas where no industrial enterprises with investment of INR 500 million and above exist at present)

Area	Incentives
	• **Fiscal Incentives common for Investment under Scale – 1, 2, 3 & 4:** – Anchor Unit Subsidy ▪ Anchor unit subsidy of INR 10 million shall be offered for the first two manufacturing enterprises with minimum employment of 100 members and minimum investment of INR 500 million in each of the Sub-Divisions coming in Groups- B, C & D (subsidy applicable only in areas where no industrial enterprises with investment of INR 500 million and above exist at present) – Patent Registration ▪ Industrial units will be encouraged for filing their successfully generated, registered and accepted patents based on their original work/research. ▪ The State Government will provide financial assistance of 50% of the expenditure incurred, up to maximum of INR 0.2 million, per patent. – Waiver and Land Conversion Fee ▪ Payment of conversion fee for converting the land from agriculture use to industrial use including for development of industrial areas by private investors will be waived as (See Table 6, Annex). – Waiver of Electricity Duty for EoUs, VAT/CST exempted units and Power Intensive Units ▪ 100% Export- oriented units (EoU) units exempted from paying VAT/CST and Power Intensive Units as defined in WBIPS2005 will be entitled to receive Waiver of Electricity Duty without ceiling for number of years and percentage of waiver in line with (See Table 3, Annex) above. However, in such case benefit of IPA will not be applicable to the Power Intensive Units.
Additional incentives on employment generation	• Units will be entitled to reimbursement of the undernoted expenditure incurred by it if at least 50% of the employees in the unit are recruited from amongst the persons registered with the Employment Bank of the State at the time of claiming this incentive. • Subject to condition above, an eligible unit in the medium and large sector will be entitled to reimbursement to the extent of a certain % of the expenditure incurred by it for paying its contribution towards Employees State Insurance (ESI) and employees provident Fund (EPF) depending on the location of the unit (See Table 7, Annex). • The reimbursement of the expenditure prescribed will be payable every 6-month based on minimum statutory limit and subject to the condition that the unit has paid its contribution towards ESI & EPF on due dates.

Reference Document: Investment and Industrial Policy of West Bengal, Government of West Bengal, 2013

Annex

Table 1: Classification of Areas

Classification of Areas	
Group A	Kolkata Municipal Corporation, North 24 Parganas (Bidhannagar Municipality and Nabadiganta Industrial Township), South 24 Parganas (Alipur Subdivision).
Group B	Howrah, North 24 Parganas (Barrackpore and Barasat Sadar Subdivisions), South 24 Parganas (excluding the area under the jurisdiction of the Kolkata Municipal Corporation and Sundarban Development Board), Durgapur and Asansol Subdivisions of Burdwan District and Haldia Subdivision of Purba Medinipur Districts.
Group C	Murshidabad, Birbhum, Nadia, Hooghly Districts, Burdwan (excluding Asansol and Durgapur Subdivisions), Purba Medinipur District (except Haldia Subdivision), North 24 Parganas (Bongaon and Basirhat Subdivisions), South 24 Parganas (Baruipur, Canning, Diamond Harbour, Kakdwip Subdivision).
Group D	Malda, Coochbehar, Uttar Dinajpur, Dakshin Dinajpur, Jalpaiguri, Darjeeling, Purulia, Bankura and Paschim Midnapur Districts and area under Sundarban Development Board.

Table 2: Industrial Promotion Assistance (IPA)

		Year from the Commencement of Commercial Production							
Areas	**IPA for number of years**	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**	**Y6**	**Y7**	**Y8**
B & C	8	80%	80%	80%	80%	80%	80%	80%	80%
D	8	90%	90%	90%	90%	90%	90%	90%	90%

Table 3: Waiver of Electricity Duty

Group/Zones	No. of Years	% of Waiver	Ceiling of Waiver of Electricity Duty
'B' & 'C'	1 to 5 years	100% of Electricity Duty subject to the maximum ceiling	Maximum of INR 2.5 million per year/ INR 12.5 million in 5 years
'D'	1 to 10 years	Group 'D'- 100% waiver from Year-1 to Year-5 and thereafter, 75% waiver from Year-6 to Year-10	INR 2.5 million per year / INR 25 million in 10 years

Table 4.1: IPA for Scale 2 (FCI above Rs 1 billion and up to 5 billion)

	Year from the Commencement of Commercial Production								
Areas	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**	**Y6**	**Y7**	**Y8**	**Y9**
B & C	80%	80%	80%	80%	80%	80%	80%	80%	80%
D	90%	90%	90%	90%	90%	90%	90%	90%	90%

Table 4.2: IPA for Scale 3 (FCI above Rs 5 billion and up to 10 billion)

	Year from the Commencement of Commercial Production											
Areas	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**	**Y6**	**Y7**	**Y8**	**Y9**	**Y10**	**Y11**	**Y12**
B & C	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
D	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%

Table 4.3: IPA for Scale 4 (FCI above Rs 10 billion)

	Year from the Commencement of Commercial Production														
Areas	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**	**Y6**	**Y7**	**Y8**	**Y9**	**Y10**	**Y11**	**Y12**	**Y13**	**Y14**	**Y15**
B & C	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
D	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%

Table 5: Stamp Duty Waiver

Groups/Zones	% of Stamp Duty Waiver
B	50%
C	75%
D	90%

Table 6: Waiver and Land Conversion Fee

Groups/Zones	% of Conversion Fee Waiver
B	50%
C	75%
D	100%

**The waiver of conversion fee will be on reimbursement basis after implementation of projects

Table 7: Reimbursement % of contribution towards ESI & EPF

Groups/Zones	Reimbursement % of contribution towards ESI & EPF
Group ‘B’ area: 5 years	80%
Group ‘B’ area: 5 years	80%
Group ‘D’ area: 10 years	100%

CII in South Korea

CII has always laid a special focus on cooperation and has a long-standing association with South Korea. CII has 7 major MoU partners in South Korea namely, the Federation of Korean Industries (FKI), Korea International Trade Association (KITA), Korea Trade Investment Promotion Agency (KOTRA), Korean Standards Association (KSA), Korea Federation of Small and Medium Business (KFSB), Gwangju Metropolitan City and Make in India, Korea Center (MIC)-Busan.

CII has always had the privilege of organizing interactive sessions with the Korean top political leadership and business dignitaries during their visits to India. Similarly, CII business delegations also always accompany our political leaders during their visitations to Korea. Over the years, CII has organized and/or participated in several events and exhibitions, all aimed at bringing closer B2B interaction between Indian and Korean Companies. These include the exclusive Country Session with South Korea at the East India Summit held in 2021, India Session at the Asian Leadership Conference (ALC) organized annually along with Chosun Ilbo, as an Industry partner in the India Korea Strategic Dialogue convened by the Korea Foundation, The Seoul Forum for International Affairs and Ananta Aspen Centre in partnership with the Ministry of External Affairs, India, the India-Korea Business Partnership Forum organized along the Korean International Trade Association (KITA) and Korean participation at CII's Flagship events such as IETF and Partnership Summit.

CII has also been regularly organizing various meetings, site visitation and interaction for the incoming business delegation from South Korea such as SME delegation, Senior Journalists delegation, parliamentary delegation, and Presidential delegation among others.

In the second wave of COVID-19 in India, CII worked towards supporting the healthcare infrastructure by providing and deploying medical equipment including PPE kits, Oxygen concentrators and cylinders, ventilators etc. and setting up and supporting Covid Centres. CII also supported the vulnerable communities affected by the loss of livelihoods due to the pandemic. In this regard, The Federation of Korean Industries (FKI) supported and contributed in CII activities amidst the pandemic, further deepening the engagement between both countries in such testing times.

Market Facilitation Services (MFS)

CII's International Department 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 product 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

Please contact Ms Bhavna Seth Ranjan at bhavna.ranjan@cii.in for further details on availing the services of the MFS desk.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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 over 9000 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from 294 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 marches towards its 75th year of Independence in 2022, CII, with the Theme for 2021-22 as **Building India for a New World: Competitiveness, Growth, Sustainability, Technology**, rededicates itself to meeting the aspirations of citizens for a morally, economically and technologically advanced country in partnership with the Government, Industry and all stakeholders.

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 394 counterpart organizations in 133 countries, CII serves as a reference point for Indian industry and the international business community.

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