Confederation of Indian Industry
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India - Germany

Business Cooperation

TRADE & INVESTMENTS

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Introduction

The rapid spread of the Covid-19 pandemic the world over during 2020 led to a health crisis which resulted in an unprecedented crash in global economic activity, the repercussions of which would be felt over the next few years. With the crisis extending in most countries, there are likely to be profound changes in economic structures, geopolitical relationships and linkages over a period of time.

With 2020 expected to end with severe recessionary conditions, most economies are in the process of managing the economic fallout. Substantial stimulus packages have been rolled out to help maintain liquidity and boost demand. Existing supply chains, sources of imports and destinations of exports, and their strengths and weaknesses are being recalibrated to minimize disruptions in economic activity. Businesses too are relooking at their strategic models and seeking to diversify their investments and sourcing requirements to reduce dependence and spread risks.

Within this scenario, Indian and German enterprises have the opportunity to capitalize on each other's strengths and seek new opportunities in commercial engagement with each other.

The Indo-German partnership has grown in scope and ambition for decades – a mutual recognition of each other's strengths, and capabilities, complementarities in economic ties as well as strategic convergence in worldviews are some of the factors that have helped bring the two countries closer together. German companies are significant players in the Indian economy and have made long term investments in a variety of sectors such as in automobiles and transport, renewable energy, defense, smart cities, sustainable development, etc.

With India's historical links with Europe as a solid foundation, the continent has emerged as its most important trading partner and within this, Germany is India's most important market. India's accelerated economic growth, growing middle class, mature democracy with stable institutions and established rule of law have helped foster closer linkages with Germany. Coupled with an improving business and investment climate, these factors have helped to attract German investments into India.

For Indian businesses, Germany has been a source of high-quality, reliable machinery and equipment as well as aircraft and auto components. Similarly, India enjoys a large and diversified manufacturing and services economy with varied output across the supply chain from raw materials to intermediates to finished goods, along with engineering products which find favour with German industry.

India's growing technology and innovation capabilities also attract German companies. A vast potential is seen in expanding partnerships between Germany's innovative Mittelstand and India's tech-based startups as both countries seek to strengthen new and emerging technologies of Industrie 4.0.

Another significant development that can hasten stronger trade and investment linkages between India and Germany is the formal departure of the United Kingdom from the European Union i.e. Brexit. The UK is a major trading partner for India and a big portion of Indian FDI into the EU has tended to go to UK as a route to access the wider European market.

While the contours of Brexit are being negotiated, Germany, which has been a preferred destination for Indian FDI, is well placed to position itself as an alternative destination for Indian FDI in Europe, offering unfettered access to the common European market.

This report compiles the current status of India-Germany economic relations and offers a detailed analysis of future potential. CII has developed a unique formula for identifying export items with the highest potential for a partner country, depending on the partner country's import profile and India's export capabilities. Using this tool, the report enumerates 68 items at the HS 6-digit level which can be best sourced from India by German importers for their domestic production.

Taking this exercise to the next level, the report examines in detail the list of goods where India can effectively slot into German manufacturing for global value chain participation and onward exports from Germany.

Drawing on business consultations from both sides, the report further elaborates on the sectors of high investment potential for German companies in India. It also explores emerging areas of the future where Indian and German businesses can co-create and co-produce for mutual benefit.

Finally, the report outlines the Indian states where German companies can benefit in terms of sectors of participation. The investment climate and incentives offered by these select states are tabulated in the report.

CII through its multiple offices present across the country and its country-specific desk as well as tailored Market Facilitation Services provides comprehensive support for Indian companies wishing to export to Germany. It also offers assistance to German companies for tie-ups in India across sectors and states.

Through this detailed and wide-ranging report, CII aspires to assist in further development of the robust economic partnership of India and Germany. With its deep engagement with Germany, including its representative office in Frankfurt, it aims to act as a bridge between German and Indian industry to expand business opportunities between the two sides.

Strategic Bilateral Context

India was among the first countries to establish diplomatic relations with the Federal Republic of Germany. Indo-German ties are strong and have been built on a foundation of shared concerns regarding the global and regional security architecture, common strategic imperatives and a mutually beneficial economic and commercial agenda.

India and Germany have a shared strategic worldview which includes strengthening international institutions and promoting the multilateral global geopolitical landscape.

Germany has supported India's accession to all four multilateral export control regimes – the Nuclear Suppliers Group (NSG), the Missile Technology Control Regime (MTCR), the Wassenaar Arrangement (WA) and the Australia Group (AG). Of these, only membership to the NSG is now pending and German support will remain key for India's membership.

India and Germany have supported comprehensive reform of the UN Security Council, with Germany strongly backing India's bid for a permanent seat. Both countries have also developed synergies in areas like combating international terrorism, ensuring freedom of navigation and maritime security, the regional security architecture and so forth.

Within the realm of bilateral relations, Germany assisted India in its development agenda, partnering on institutes of excellence and in India's first integrated steel plant in Rourkela. In recent times, the two countries stepped up the relationship by signing a 'Strategic Partnership' in 2001. This was complemented by the establishment of Intergovernmental Consultations (IGC) in 2011, at the level of Heads of Government. The IGC format, held every two years, has enabled robust dialogue and a comprehensive periodic review of cooperation between the two nations. The IGC summit meeting also facilitates charting of fresh areas of engagement.

The 4th IGC was held in Berlin on May 30, 2017 wherein 12 bilateral cooperation documents in various sectors were signed. At the 5th IGC held in New Delhi in November 2019, the two countries broadbased the relationship with 21 agreements across areas including railway cooperation, green mobility, artificial intelligence, civil aviation and so on.

The expansion in bilateral relations over time has also led to the instituting of several dialogue mechanisms including the Foreign Office Consultations, High Technology Partnership Group, High Defense Committee, Indo-German Energy Forum, and Indo-German Environment Forum as well as joint working groups in areas like skill development, waste management, water etc.

The ongoing bilateral dialogue mechanisms have also been accompanied by regular, high-level visits that have helped enrich the agenda for mutual cooperation. The Prime Minister of India visited Berlin in April 20, 2018 and discussed a range of issues including economic and commercial ties, security and strategic concerns, etc. German President Dr. Frank-Walter Steinmeier also paid a State Visit to India in March 2018.

The Prime Minister of India visited Germany twice in 2017 for the 4th IGC in May 2017 and to attend the G20 Summit in July. PM Modi's first official visit to Germany was held in April 2015, when India was the Partner Country at the Hannover Messe 2015. The Make in India initiative was publicized and discussed in a big way at the event. German Chancellor Angela Merkel visited India in October 2015 and before that in 2007 and 2011.

The two leaders also held telephonic discussions to discuss the response to the Covid-19 pandemic including shared challenges.

Robust engagement and activities around the expanding economic and trade partnership, defence ties, science and technology cooperation, vocational education and training and sustainable development help underpin the Indo-German strategic partnership.

Economic Context

German economy | Indian economy
India trade profile | Germany trade profile

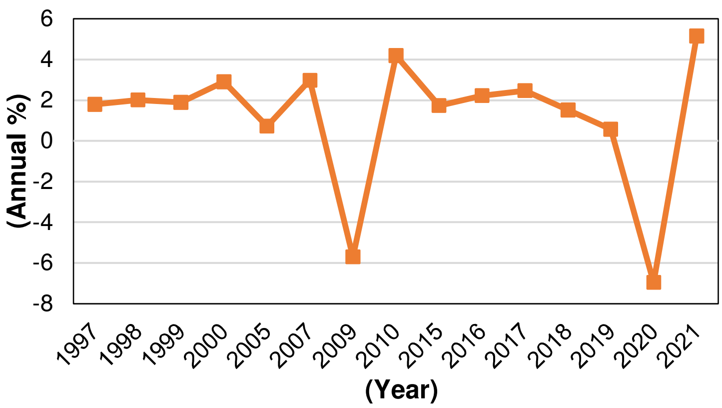
The German and Indian economies are at vastly different points in their development trajectories. Germany is an advanced industrialized country, with one of the strongest and most resilient economies in the world, while India represents one of the most promising emerging markets with rapidly rising income and GDP levels and an expanding middle class.

With a GDP of US$ 3.86 trillion at current prices in 2019, Germany is the world's fourth largest economy in the world after the United States, China, and Japan and it is also Europe's largest economy. The World Bank estimates that 47.4% of German GDP is dependent on the export of goods and services; however, it has remained resilient to global shocks such as the 2008-2009 recession, attesting to the strengths of its industrial economy. Germany is home to 29 of the world's Fortune 500 companies. The German economy is well known for its highly mechanized and technologically advanced manufacturing such as the automobiles sector, machinery and parts, electrical machinery, equipment and parts, chemicals etc. The German services sector also is very strong and has been growing.

After the precipitous drop in GDP growth in Germany in 2008 as a direct consequence of the financial crisis, the country bounced back in a big way and since then has had stable growth rates with the same projected into the future as well. It appears to be emerging relatively stronger from the aftershocks of the Covid-19 pandemic. India also recovered from the 2008-2009 recession and since then, it has had solid GDP growth, helping increase the size of the middle class, leading to greater prosperity and opportunity for more people.

Economic complementarities between the two countries, especially Germany's advanced manufacturing, strong exports and solid services sector present several points of synergy with India that can be leveraged for greater growth in both nations. Greater technology collaborations, co-development and co-creation, knowledge sharing and sharing of best practices could be hugely helpful to each country.

i. Germany Macroeconomic and Socioeconomic Environment

<table>
<tr><th colspan="3">MACROECONOMIC ENVIRONMENT</th></tr>
<tr><th></th><th>ECONOMIC INDICATORS</th><th>TRENDS ANALYSIS</th></tr>
<tr><td rowspan="2">Economic Growth</td><td>OVERALL GDP GROWTH

Source: IMF World Economic Outlook 2020</td><td>• Germany witnessed steady economic performance during the decade 2007–2017, with real GDP growth averaging ~2% during this period.
• However, weak external demand on account of a slowdown in world trade, coupled with structural challenges posed by lower productivity, contributed to a slowdown in 2019 when a GDP growth of 0.57% was registered.
• With the German economy experiencing widespread outbreak of COVID-19 pandemic leading to a lockdown, the IMF, in its October 2020 issue of the World Economic Outlook has projected it to contract sharply in 2020 with GDP growth forecast of (-) 6% which is better than its earlier estimate of (-) 7.8%. However, the IMF forecasts the German economy to bounce back strongly, with the economy projected to grow by 4.2% in 2021 on the back of increased investment spending</td></tr>
<tr><td>GDP PER CAPITA, US$ CURRENT PPP

Source: Country Statistical Profile: Germany 2019, OECD</td><td>• Germany is a high-income economy with one of the highest levels of per capita GDP amongst OECD countries.
• The GDP per capita measured in current US$ increased by 1.3 times during the period 2011 to 2018, registering a CAGR of 3.3%.
• The existing higher base levels of per capita income have moderated its growth rate.</td></tr>
</table>

MACROECONOMIC ENVIRONMENT

	ECONOMIC INDICATORS	TRENDS ANALYSIS

Economic Structure

ECONOMIC STRUCTURE: SHARE IN REAL VALUE ADDED (%)

SECTORS	2015	2016	2017	2018
Agriculture, forestry, fishing	0.7	0.7	0.9	0.8
Industry, including energy	25.9	26.3	26.1	25.8
Construction	4.6	4.7	4.9	5.3
Trade, repairs, transport, accommodation, food services	16.0	16.0	16.2	16.3
Information, communication	4.7	4.7	4.6	4.7
Finance and insurance	4.1	4.0	3.8	3.7
Real estate	11.0	10.8	10.7	10.7
Professional, scientific, support services	11.0	10.8	10.8	10.8
Public administration, defence, education, health, social work	18.0	18.0	18.0	18.2
Other services	4.1	4.0	3.9	3.9

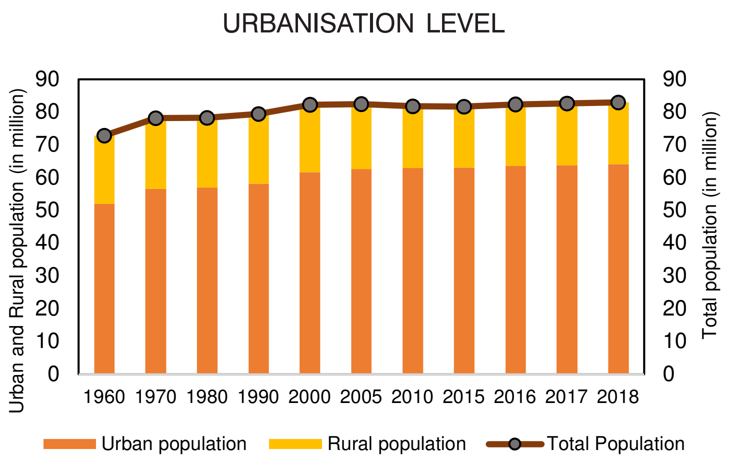
Source: Country Statistical Profile: Germany 2019, OECD

- The contribution of the various sectors — agriculture, industry and services — to the country's economy has remained constant during the period 2015–18, with services comprising a dominant share of ~70% of the GDP in 2018. This is followed by industry accounting for ~26% of the GDP in 2018.
- Services, which have come to contribute a lion's share in Germany's GDP, mainly comprise sectors such as trade, transport, storage, real estate, professional services and public administration.
- Agriculture's contribution to GDP is minimal, with a share of only 0.8% in 2018.

SOCIO-ECONOMIC PARAMETERS

Demographic Trends

INDICATORS

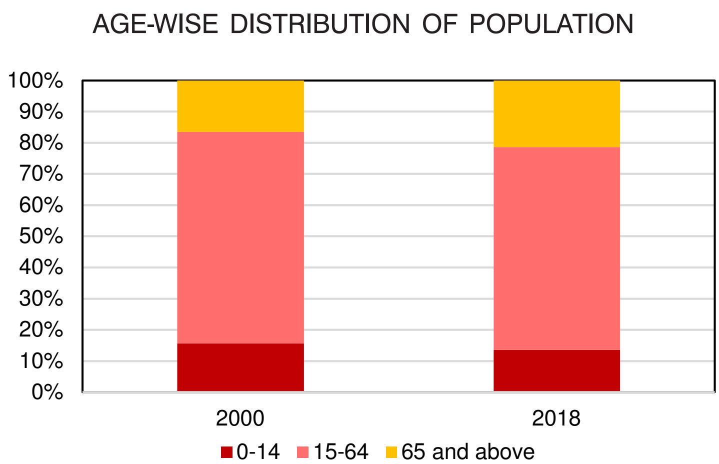


Source: World Development Indicators, World Bank

TRENDS ANALYSIS

- The country's total population has exhibited an extremely modest growth rate of 0.05% for the period 2000–2018, increasing from 82 million in 2000 to 83 million in 2018.
- Of the total population, in 2018, 77.3% was urban, thus making Germany one of the most-urbanised economies in the world.
- With the country already boasting of a large urban population base, the growth rate of the country's urban demographic has slowed down considerably; its urban population increased from 62 million in 2000 to 64 million in 2018, registering a growth of 0.2% during this period.

INDICATORS



Source: CII Analysis, World Development Indicators, World Bank

TRENDS ANALYSIS

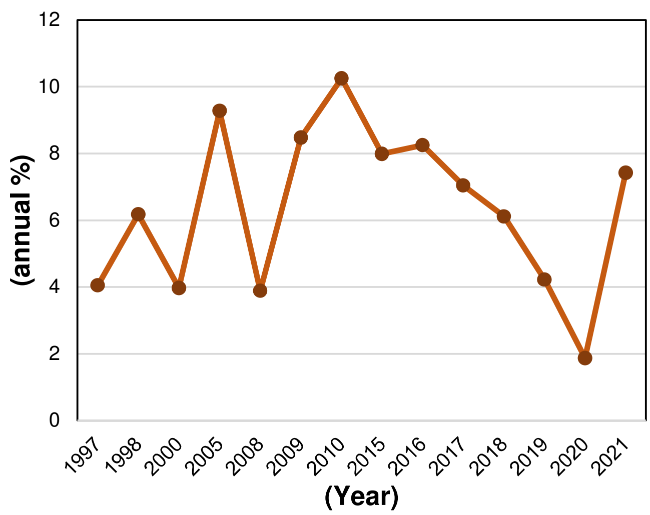
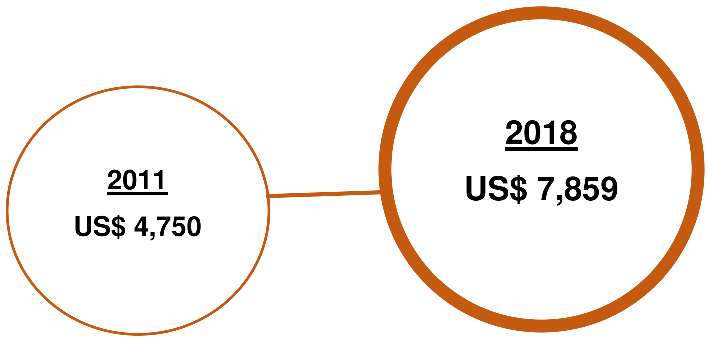
- The age-wise composition of the German population has altered slightly over the period 2000 to 2018, reflecting ageing workforce.
- The country exhibits a healthy demographic trend with 65% of its population in the working age group 15–64, 14% in the category 0–14 years and 21% of its population above 65 years in 2018.
- Amongst all the age groups, the elderly population in the age group 65 years and above registered the maximum positive growth rate, increasing at a CAGR of 1.5% over the period 2000 to 2018; there is a deceleration in growth of the working age population and the young population registering negative growth rates of 0.2% and 0.7%, respectively.

The trends analysis as described above have implications for Germany'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** • After a slowdown in growth in 2018 and 2019 followed by deceleration in growth due to the COVID-19 pandemic outbreak, economic recovery is anticipated with a healthy GDP growth rate of 4.2 % in 2021. • High per capita incomes translate into high disposable income in the hands of the consumer. • Despite the overall slump in world trade leading to slowdown in growth for the German economy in 2019, and the economic slump as a result of Covid-19 in 2020, the medium to long-term macroeconomic outlook for Germany remains relatively optimistic. Much will, of course, depend on how quickly the country recovers from the aftereffects of the pandemic.
Economic structure	**Economic structure: share in real value added (%)**	**Medium, satisfactory impact** • The composition of the economic structure of Germany has remained consistent over a period of time with the share of agriculture, industry and services remaining almost unchanged over the period 2015-18. • The higher share of the services sector with increased share of real estate, professional services, etc., implies that Germany is an attractive investment destination for companies in the services sector.

PARAMETER	INDICATORS	IMPLICATIONS FOR ATTRACTIVENESS OF TRADE AND INVESTMENT CLIMATE
Demographic trends	**Urbanisation level**	**High, positive impact** • With cities being the engines of industrialisation and economic growth, Germany's urbanisation level of ~80% offers 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**
	Age-wise distribution of population	**High, positive impact** • The high proportion of Germany's population in the working age group is set to bring in increased demand for a host of services such as education, skill development, healthcare, IT and ITeS, retail, audio-visual and entertainment services — all of which will generate opportunities for investment in these sectors. It will also generate demand for real estate. • The accelerated growth rates seen in the population in the age-group of 65 years and above presents opportunity for healthcare services targeted at this age group. **SECTORAL OPPORTUNITIES** **Healthcare, medicine** **Retail and consumer** **Financial services**

ii. India Macroeconomic and Socioeconomic Environment

MACROECONOMIC ENVIRONMENT	
ECONOMIC INDICATORS	**TRENDS ANALYSIS**
OVERALL GDP GROWTH  **Source:** IMF World Economic Outlook 2020	• The Indian economy displayed high economic growth rates during the period 2005–10, followed by moderation with lower private consumption expenditure and investment. • In *World Economic Outlook* of October 2020, IMF has projected the Indian economy to contract by (-) 10.3% in 2020 as compared to its earlier estimate of (-) 4.5% due to Covid-19 related lockdown for 7 weeks. Recovery will be swift with pick up to 8.8% in 2021.
GDP PER CAPITA, US$ CURRENT PPP  **Source:** Country Statistical Profile: India 2019, OECD; World Economic Outlook 2019	• India's per capita GDP measured in current US$ in purchasing power parity terms almost doubled during the period 2011 to 2018, registering a high CAGR of 7.5% during the period.

MACROECONOMIC ENVIRONMENT

ECONOMIC INDICATORS

ECONOMIC STRUCTURE: SHARE IN REAL VALUE ADDED (%)

SECTORS	2014	2015	2016	2017
Agriculture, forestry, fishing	18.2	17.7	17.9	17.1
Industry, including energy	21.5	21.9	21.9	21.7
Construction	8.5	7.9	7.4	7.4
Trade, repairs, transport, accommodation, food services	18.3	18.3	18.2	18.5
Information, communication	-	-	-	-
Finance and insurance	-	-	-	-
Real estate	20.5	20.9	20.6	20.8
Professional, scientific, support services	-	-	-	-
Public administration, defence, education, health, social work	13.0	13.2	13.9	14.5
Other services	-	-	-	-

Source: Country Statistical Profile: India 2019, OECD

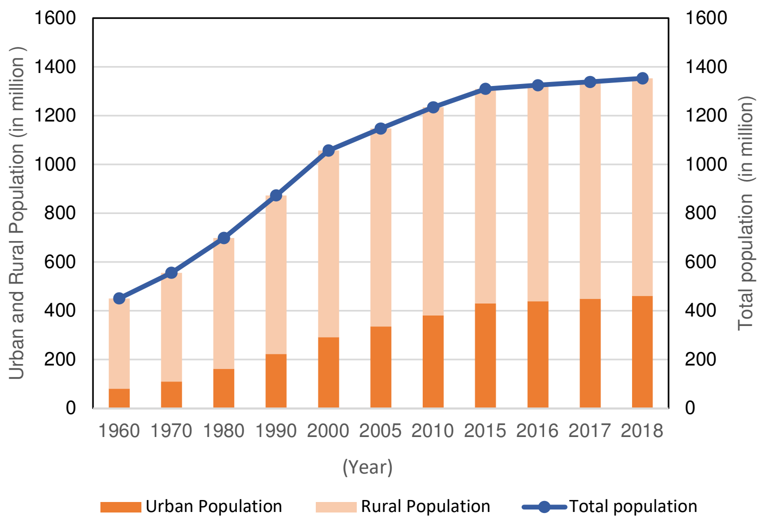
TRENDS ANALYSIS

- Over a period of time, the composition of the economic structure of India has altered with a steady decline in the share of agriculture and industry in favour of the services sector.
- The services sector is the major economic sector in India, contributing to around 60% of the country's GDP.
- The services sector is followed by the industrial sector and agriculture sector; these sectors together contribute around 40% to the country's GDP.

SOCIO-ECONOMIC CONTEXT

INDICATORS	TRENDS ANALYSIS

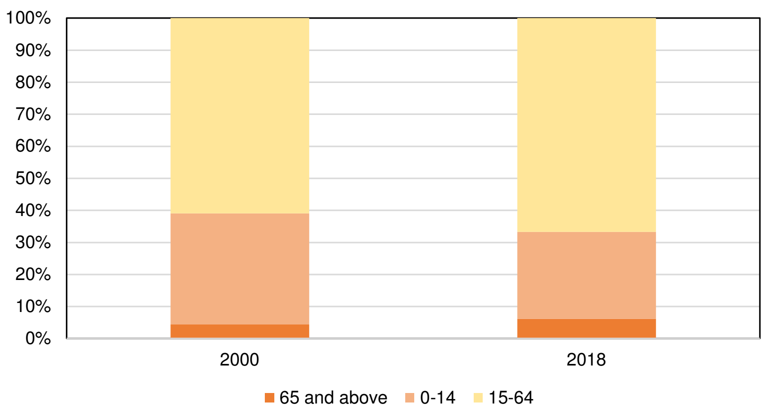
URBANISATION LEVEL



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%.

AGE-WISE DISTRIBUTION OF POPULATION



Source: CII 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 it is the elderly population in the age group of 64 years and above that has exhibited the highest CAGR of 3% over the period 2000 to 2018.
- Further, while the population in the young age group (0–14 years) has experienced stable levels, those in working age population have increased at CAGR of 2% during the period 2000-2018.
- 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 trends 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. • This is 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 picks 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**

India's Trade Profile

India's exports exceeded US$ 330 billion in 2018-19, but slowed down in 2019-20 to US$ 314 billion.

The US was India's top export destination during 2019-20, accounting for around 17% of India's total exported value, followed by the UAE, which accounted for more than 9% of India's total exports. China was in the third place with total exports from India recorded at US$ 16.61 billion.

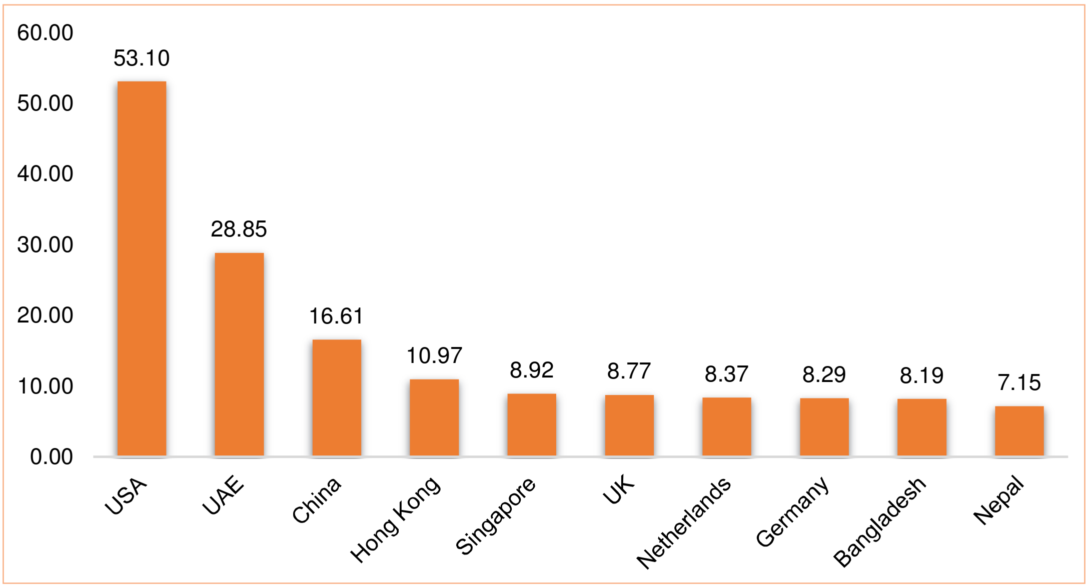
Hong Kong (US$ 10.97 billion) and Singapore (US$ 8.92) were top export markets in Asia. Within EU, India's top export markets were Netherlands (US$ 8.37 billion) and Germany (US$8.29 billion). UK was also a top export destination, with reported exports value of US$ 8.77 billion.

Bangladesh and Nepal were new entrants as India's top export markets during 2019-20.

These top ten markets accounted for more than 50% of India's total.

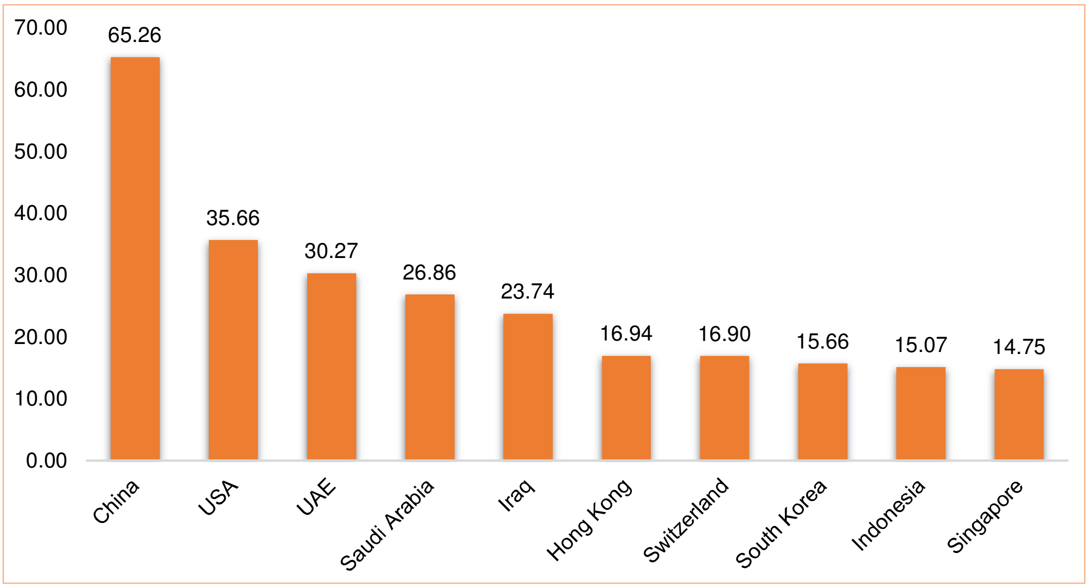
Thus, India's current exports profile shows a high level of diversity and the ability to cater to markets at varying price points and at differing levels of development.

Chart 1: Top Countries for India's Exports in 2019-20 (US$ billion)



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

Chart 2: Top Countries for India's Imports in 2019-20 (US$ billion)



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

During 2019-20, China was India's largest import partner. India's imports from China stood at around US$ 65.26 billion, accounting for about 14% of India's total.

USA and UAE were the other top import partners with total imports from these countries valued at around US$ 36 billion and US$ 30 billion respectively.

Hong Kong (US$ 17 billion), South Korea (US$ 15.66 billion), Indonesia (US$ 15.07 billion) and Singapore (US$ 14.75 billion) were other top import destinations for India in Asia.

India's top 10 import partners accounted for more than 55% of India's total imported value.

Table 1: India's Top 10 Exports in 2019-20, US$ billion

HS Code	Commodity	India's Exports
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	42.67
71	Natural or cultured pearls, precious or semiprecious stones, precious metals, clad with precious metal and articles thereof; imitation .jewellery; coin.	36.08
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	20.83
29	Organic chemicals	17.49
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	16.70
30	Pharmaceutical products	16.29
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts.	15.18
72	Iron and steel	9.28
62	Articles of apparel and clothing accessories, not knitted or crocheted.	7.99
61	Articles of apparel and clothing accessories, knitted or crocheted.	7.51

Source: Export Import Data Bank, India

Table 2: India's Top 10 Imports in 2019-20, US$ billion

HS Code	Commodity	India's Imports
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	153.65
71	Natural or cultured pearls, precious or semiprecious stones, precious metals, clad with precious metal and articles thereof;imitation.jewellery; coin.	54.49
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts.	49.19
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	43.37
29	Organic chemicals	19.82
39	Plastic and articles thereof.	14.21
72	Iron and steel	10.73
15	Animal or vegetable fats and oils and their cleavage products; pre. edible fats; animal or vegetable waxes.	9.87
88	Aircraft, spacecraft, and parts thereof.	9.26
90	Optical, photographic cinematographic measuring, checking precision, medical or surgical inst. and apparatus parts and accessories thereof;	9.25

Source: Export Import Data Bank, India

Germany's Trade Profile

Germany's top source of imports in the world is China while the United States is its top destination for exports. Besides these two countries, Germany's top trading partners are all located in continental Europe and include Netherlands, France, UK and Poland, highlighting the enduring resilience the region's established supply chains.

Table 3: Germany's Top 5 Trade Partners, 2019

Import partners	Export partners
China	United States of America
Netherlands	France
United States of America	China
France	Netherlands
Poland	United Kingdom

Source: International Trade Centre

The strength and superior quality of German manufacturing is well-known and it is reflected in the country's top exports products globally as well. Machinery, mechanical appliances (HS 84), vehicles and auto parts (HS 87), and electrical machinery, equipment and parts (HS 85) dominate German exports. Also important are pharmaceutical products, optical, photographic etc equipment, plastics etc., organic chemicals and iron and steel.

Interestingly, most of Germany's top exports co-relate closely with its top imports, showing the deep integration of Germany's trade with existing supply chains and global value chains. It also showcases the value addition occurring within the country which greatly enhances the volume and quality of exports from Germany.

Table 4: Germany's Top 10 Exports in 2019, US$ billion

HS Code	Product label	Exported value (US$ billion)
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	260.68
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	243.68
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	158.74
30	Pharmaceutical products	90.36
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	79.34
39	Plastics and articles thereof	63.24
88	Aircraft, spacecraft, and parts thereof	42.27
99	Commodities not elsewhere specified	35.21

HS Code	Product label	Exported value (US$ billion)
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	34.22
73	Articles of iron or steel	31.31

Source: International Trade Centre

Table 5: Germany's Top 10 Imports in 2019, US$ billion

HS Code	Product label	Imported value (US$ billion)
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	160.08
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	151.43
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	135.81
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	109.33
30	Pharmaceutical products	59.63
39	Plastics and articles thereof	44.94
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	44.09
29	Organic chemicals	40.49
72	Iron and steel	27.66
73	Articles of iron or steel	23.96

Source: International Trade Centre

TAKEAWAY

India and Germany can take advantage of the complementarities emerging from their strong and diverse economies, socio-economic structures, and growth opportunities across a range of sectors and products. As one of the most rapidly rising emerging economies of the world, India remains a key destination for future investments, a source for quality inputs for exports, as well as a huge and growing market for German products. The possibilities for amplification of Indo-German trade and investment ties are therefore enormous and likely to grow in the near future.

Bilateral Trade Relations

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

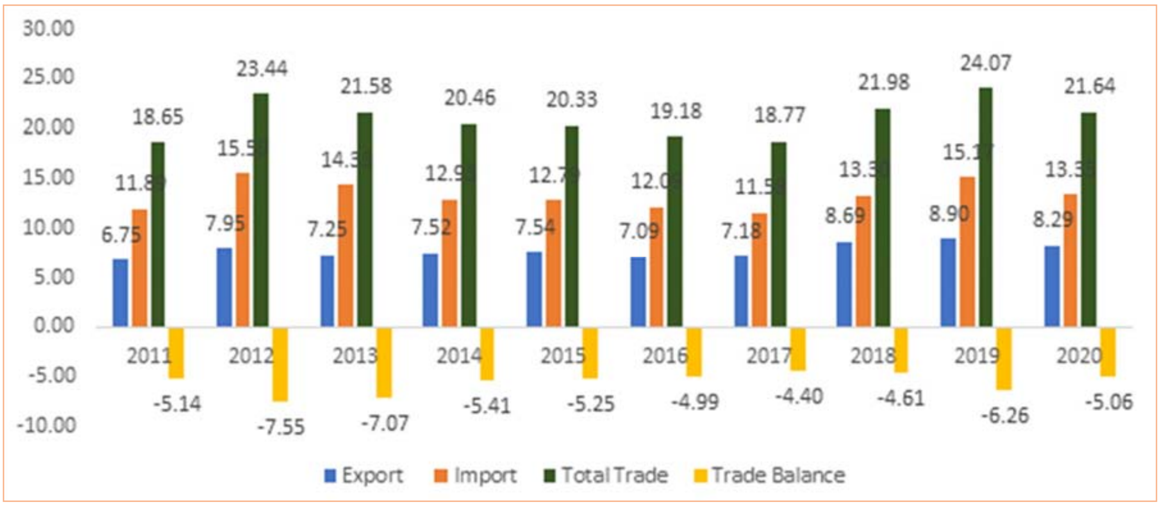
India-Germany Trade

In terms of total trade, Germany is India's 7th largest trading partner. Total trade between India and Germany went up significantly over the last 10 years, increasing from around US$ 18.65 billion in March 2011 to around US$ 24.07 billion in March 2019. Bilateral trade between the two moderated at US$ 21.64 billion during March 2020.

Indo-German trade registered an overall compound annual growth rate (CAGR) of around 1.5% during this ten-year period.

Indian exports to Germany have significantly increased over the last decade, expanding from US$ 6.75 billion in 2011 to US$ 7.54 billion in 2015. Post 2015, Indian exports slightly moderated at US$ 7.09 billion in 2016 before rising again to around US$ 9.0 billion in 2019. With the onset of the Covid-19 outbreak, Indian exports registered a decline during 2020 and stood at US$ 8.3 billion. Indian exports recorded an overall CAGR of 2.08% during the 10-year period between 2011 and 2020.

Chart 3: India-Germany Trade 2011-2020, US$ billion



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

Indian imports from Germany increased from around US$ 12 billion in 2011 to US$ 13.35 billion in 2020. The overall CAGR recorded by Indian imports between 2009-10 and 2018-19 stood at around 1.16%.

India's trade deficit with Germany stood at US$ (-) 5.14 billion during 2011. During 2020, India's trade deficit with Germany stood at US$ (-) 5.06 billion.

Top Export and Import Items

Table 6 presents the top 20 Indian exports to Germany at the 2-digit HS code level during 2019-20. The top 5 Indian exports are in the categories of machinery, mechanical appliances and parts (HS 84); organic chemicals (HS 29); electrical machinery and equipment (HS 85); articles of apparel and clothing accessories, knitted or crocheted (HS 61); and articles of apparel and clothing accessories, not knitted or crocheted (HS 62).

The top Indian export to Germany i.e. machinery, mechanical appliances and parts during 2019-20 stood at around US$ 1.38 billion, followed by organic chemicals at US$ 0.71 billion. The top 20 exports to Germany together recorded a value of US$ 7 billion, accounting for around 2.3% of India's total exports to the world.

Other top items were in the categories of vehicles (HS 87), articles of iron and steel (HS 73); footwear (HS 64); pharmaceutical products (HS 30); optical, photographic, surgical instruments (HS 90); rubber and articles thereof (HS 40); and coffee, tea, mate and spices (HS 09), among others.

Table 6: Top 20 Indian Exports to Germany during 2019-20

HS Code	Commodity	Exports (US$ million)
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	1,375.75
29	Organic chemicals	706.43
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts.	617.42
61	Articles of apparel and clothing accessories knitted or crocheted.	531.86
62	Articles of apparel and clothing accessories not knitted or crocheted.	424.51
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	405.06
73	Articles of iron or steel	377.75
64	Footwear, gaiters and the like; parts of such articles.	336.37
42	Articles of leather, saddlery and harness; travel goods, handbags and similar cont.articles of animal gut(other than silk-worm)gut.	307.96
30	pharmaceutical products	289.23
63	Other made up textile articles; sets; worn clothing and worn textile articles; rags	231.90
90	Optical, photographic cinematographic measuring, checking precision, medical or surgical inst. and apparatus parts and accessories thereof;	225.70
39	Plastic and articles thereof.	200.20

HS Code	Commodity	Exports (US$ million)
40	Rubber and articles thereof.	193.76
32	Tanning or dyeing extracts; tannins and their deri. dyes, pigments and other colouring matter; paints and ver; putty and other mastics; inks.	157.19
38	Miscellaneous chemical products.	142.49
72	Iron and steel	135.90
9	Coffee, tea, mate and spices.	132.45
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishing; lamps and lighting fittings not elsewhere specified or inc	130.30
71	Natural or cultured pearls, precious or semiprecious stones, precious metals clad with precious metal and articles thereof; imitation jewellery; coin.	117.24
Total		7039.47

Source: Export Import Data Bank of India

The top 5 imported items from Germany to India during 2019-20 were in the categories of machinery, mechanical appliances and parts (HS 84); aircraft, spacecraft and parts (HS 88); electrical machinery and equipment (HS 85); optical, photographic, surgical instruments (HS 90) and vehicles and parts (HS 87). The cumulative value of the top 20 imported items from Germany during 2019-20 was worth US$ 12.4 billion, accounting for around 2.7% of India's total imported value.

The value of the top imported item i.e. machinery, mechanical appliances and parts during 2019-20 stood at US$ 3.9 billion, followed by aircraft at US$ 2.1 billion.

Other top imports were in the categories of plastics and articles thereof (HS 39); organic chemicals (HS 29); iron and steel (HS 72); pharmaceutical products (HS 30); and paper, paperboard and articles thereof (HS 48); among others.

Table 7: Top 20 Indian Imports from Germany during 2019-20

HS Code	Commodity	Exports (US$ million)
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	3,861.13
88	Aircraft, spacecraft, and parts thereof.	2,065.28
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers,and parts.	1,524.80
90	Optical, photographic cinematographic measuring, checking precision, medical or surgical inst. and apparatus parts and accessories thereof;	1,201.08
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	640.38
39	Plastic and articles thereof.	523.14

HS Code	Commodity	Exports (US$ million)
29	Organic chemicals	425.36
38	Miscellaneous chemical products.	317.80
73	Articles of iron or steel	255.74
72	Iron and steel	252.71
98	Project goods; some special uses.	224.02
30	Pharmaceutical products	206.96
32	Tanning or dyeing extracts; tannins and their deri. dyes, pigments and other colouring matter; paints and ver; putty and other mastics; inks.	141.18
74	Copper and articles thereof.	138.27
40	Rubber and articles thereof.	125.11
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard.	121.33
34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring prep.	113.29
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, or radi. elem. or of isotopes.	111.48
76	Aluminium and articles thereof.	106.36
82	Tools implements, cutlery, spoons and forks, of base metal; parts thereof of base metal.	96.57
Total		12451.99

Source: Export Import Data Bank of India

Germany's top 10 imports from the world include several product categories where India enjoys notable export competitiveness. However, in many of these products, India has a very miniscule market share amongst German imports. For example, Germany imports mineral fuels (HS 27) worth US$ 109.3 billion from the world but despite being India's top export product worldwide, mineral fuels does not show up in India's top 20 exports to Germany.

Also, in products like nuclear reactors, machinery, mechanical appliances (HS 84); electrical machinery, equipment and parts (HS 85), iron and steel (HS 72), which are major export products from India to the world, Germany sources very little from India. Significantly, in pharmaceutical products (HS 30), and vehicles and parts automotive products, two of India's top exports globally and where the quality of Indian products is recognized, India's exports to Germany remain low.

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

Table 8: India's top 10 exports to the world, 2019-20, and Germany's Imports, US$ millions

Product code	Product label	India's Exports to world	India's Exports to Germany	Germany's imports from world
Total	All Products	322,786.38	8,582.40	1,236,298.73
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	44,081.09	0.61	109,332.05
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	36,650.34	113.57	20,470.29
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	21,158.02	1,324.99	160,080.89
29	Organic chemicals	18,296.28	735.58	40,488.94
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	17,188.14	429.61	135,811.58
30	Pharmaceutical products	16,124.97	270.23	59,626.72
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	14,672.93	639.08	151,425.86
72	Iron and steel	9,665.32	156.77	27,657.16
62	Articles of apparel and clothing accessories, not knitted or crocheted	8,599.20	482.23	19,348.02
61	Articles of apparel and clothing accessories, knitted or crocheted	7,908.87	575.52	19,635.64

Source: International Trade Centre

India's Potential Exports to Germany

Using data from the International Trade Centre (ITC), this report uses the Export Specialization (ES) Index to identify potential Indian exports to Germany, wherein the specific market characteristics of the partner country/market are also factored in.

Table 9 below presents the top 5 Indian products of high potential to Germany. The full list of 68 products along with the details of the methodology is included in the Annex.

Table 9: India's top potential exports to Germany

HS Code	Product Label	Germany's Imports from world (US$ billion)	ES Index
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	25.04	1.71
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	17.42	7.32
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	6.74	1.63
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	6.64	8.84
870321	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	5.32	1.15

Source: CII calculations based on International Trade Centre's data

The top performing Indian exports to Germany as identified in this report are in the broad categories of pharmaceutical products (HS 30); mineral fuels, mineral oils and products (HS 27); and vehicles and parts (HS 87).

Other Indian products with high potential (see Annex) to Germany are in the broad categories of machinery, mechanical appliances and parts (HS 84); articles of apparel and clothing accessories, knitted or crocheted (HS 61); aluminium and articles thereof (HS 76); ores, slag and ash (HS 26); plastics and articles thereof (HS 39); footwear and parts (HS 64); gems and jewellery (HS 71); articles of apparel and clothing accessories, not knitted or crocheted (HS 62); and organic chemicals (HS 29); among others.

Import Procedures in Germany

Imports in Germany are prohibited for the following categories of goods:[1]

i. Explosives or highly combustible materials, viz., lithium batteries, engine oil, fuels, etc.

ii. Environmentally hazardous and radioactive materials.

iii. Temperature- or pressure-sensitive materials such as fireworks.

iv. Weapons, weapon components, or objects which could injure or infect people.

v. Products for military use, for example, sonar systems, laser or aircraft parts.

vi. Animal carcasses or live animals.

vii. Credit cards, money or valid telephone cards.

viii. Drugs, unapproved medications or infectious substances.

ix. Goods classified as dangerous.

x. Goods which are prohibited or restricted by certain organisations such as ICAO, IATA, etc.

1 https://account.mygermany.com/web/content/verbotene-waren#stay

Import Customs Clearance Procedures

For importing goods in Germany, the registration of a business entity in the trade office of the local public authority is required. Germany being a part of EU, regulation of a common trade policy (TARIC code) applies to import and export procedures. As per this, anyone involved with import, transit or export procedures is required to obtain an Economic Operators' Registration and Identification (EORI) number. The import of goods in Germany requires three categories of procedures, as enumerated below:

i. One-time registration procedure to act as importer in Germany.

ii. Obtaining specific import license, if applicable.

iii. Obtaining certain certification (if applicable) from relevant government agencies in Germany.

Further, before bringing the goods into the Customs territory of the Union, operators are required to file an Entry Summary Declaration (ENS) to the Customs via electronic ATLAS-EAS (Automatic Rate and Local Customs Clearance System) procedure. While making a declaration to Customs authorities, appropriate documents are required to be attached for clearance.

The following documents are to be submitted for clearance of imported goods:[2]

1. Invoice from foreign supplier
2. Transport invoice
3. Packing list
4. Import declaration
5. Custom value declaration
6. Certificate of Origin
7. Import permit or import license (for agrarian products)
8. International import certificate/certificate of receipt of goods for import of select category goods such as weapons, ammunition or military equipment, materials, facilities or equipment for nuclear purposes or goods or technology of strategic significance
9. Movement certificate (EUR 1, EUR-MED, ATR), preferential origin certificates (for duty free imports or imports on preferential terms from countries or groups of countries which have signed free trade agreements or association agreements with the EU)

2 https://www.hk24.de/en/produktmarken/international/import-export/import-goods-third-countries/1159308

Annex - I

Table 10: India's Potential Exports to Germany

Code	Product label	India's Exports to World (US$ billion)	Germany's Imports from World (US$ billion)	ES Index
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	10.74	25.04	1.71
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	32.00	17.42	7.32
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...	2.76	6.74	1.63
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	14.74	6.64	8.84
870321	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	1.53	5.32	1.15
841112	Turbojets of a thrust > 25 kN	3.17	4.98	2.54
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	1.79	2.81	2.54
760110	Aluminium, not alloyed, unwrought	3.05	1.82	6.66
711890	Coin of legal tender	0.84	1.80	1.85
260112	Agglomerated iron ores and concentrates (excluding roasted iron pyrites)	0.89	1.78	1.98
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	0.79	1.77	1.78
848190	Parts of valves and similar articles for pipes, boiler shells, tanks, vats or the like, n.e.s.	0.42	1.59	1.05
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	0.67	1.58	1.69
401120	New pneumatic tyres, of rubber, of a kind used for buses and lorries (excluding typres with ...	0.47	1.58	1.18
390210	Polypropylene, in primary forms	0.86	1.52	2.26
640391	Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather, ...	0.84	1.38	2.43
293499	Nucleic acids and their salts, whether or not chemically defined; heterocyclic compounds (excluding ...	0.49	1.31	1.50

Code	Product label	India's Exports to World (US$ billion)	Germany's Imports from World (US$ billion)	ES Index
848340	Gears and gearing for machinery (excluding toothed wheels, chain sprockets and other transmission ...	0.43	1.25	1.37
300220	Vaccines for human medicine	0.67	1.19	2.24
392190	Plates, sheets, film, foil and strip, of plastics, reinforced, laminated, supported or similarly ...	0.30	1.16	1.04
841490	Parts of : air or vacuum pumps, air or other gas compressors, fans and ventilating or recycling ...	0.34	1.09	1.23
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	0.48	1.06	1.79
230400	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting ...	0.88	1.04	3.40
620520	Mens or boys shirts of cotton (excluding knitted or crocheted, nightshirts, singlets and ...	0.79	0.99	3.18
711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not ...	11.57	0.98	46.92
620640	Womens or girls blouses, shirts and shirt-blouses of man-made fibres (excluding knitted or ...	0.58	0.98	2.35
848310	Transmission shafts, incl. cam shafts and crank shafts, and cranks	0.34	0.95	1.40
870422	Motor vehicles for the transport of goods, with compression-ignition internal combustion piston ...	0.36	0.90	1.59
294190	Antibiotics (excluding penicillins and their derivatives with a penicillanic acid structure, ...	0.53	0.89	2.37
790111	Unwrought zinc, not alloyed, containing by weight >= 99,99% of zinc	0.70	0.87	3.23
240120	Tobacco, partly or wholly stemmed or stripped, otherwise unmanufactured	0.53	0.75	2.81
711311	Articles of jewellery and parts thereof, of silver, whether or not plated or clad with other ...	0.82	0.74	4.46
840890	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine" (excluding ...	0.61	0.73	3.33
293399	Heterocyclic compounds with nitrogen hetero-atom[s] only (excluding those containing an unfused ...	0.77	0.69	4.47
940490	Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ...	0.44	0.68	2.59

Code	Product label	India's Exports to World (US$ billion)	Germany's Imports from World (US$ billion)	ES Index
722220	Other bars and rods of stainless steel, not further worked than cold-formed or cold-finished	0.48	0.67	2.85
380892	Fungicides (excluding goods of subheading 3808.50)	0.59	0.64	3.64
620443	Womens or girls dresses of synthetic fibres (excluding knitted or crocheted and petticoats)	0.57	0.64	3.57
871410	Parts and accessories of motorcycles, incl. mopeds, n.e.s.	0.33	0.60	2.19
420221	Handbags, whether or not with shoulder straps, incl. those without handles, with outer surface ...	0.41	0.59	2.76
380893	Herbicides, anti-sprouting products and plant-growth regulators (excluding goods of subheading ...	0.89	0.57	6.22
690721	Ceramic flags and paving, hearth or wall tiles, of a water absorption coefficient by weight ...	0.53	0.55	3.80
320417	Synthetic organic pigments; preparations based on synthetic organic pigments of a kind used ...	0.71	0.52	5.44
610510	Mens or boys shirts of cotton, knitted or crocheted (excluding nightshirts, T-shirts, singlets ...	0.40	0.52	3.08
300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal ...	1.00	0.51	7.90
392062	Plates, sheets, film, foil and strip, of non-cellular poly"ethylene terephthalate", not reinforced, ...	0.35	0.50	2.83
080132	Fresh or dried cashew nuts, shelled	0.67	0.49	5.37
281820	Aluminium oxide (excluding artificial corundum)	0.69	0.47	5.81
732393	Table, kitchen or other household articles, and parts thereof, of stainless steel (excluding ...	0.32	0.47	2.73
611120	Babies garments and clothing accessories of cotton, knitted or crocheted (excluding hats)	0.64	0.47	5.48
611420	Special garments for professional, sporting or other purposes, n.e.s., of cotton, knitted or ...	0.31	0.46	2.64
620630	Womens or girls blouses, shirts and shirt-blouses of cotton (excluding knitted or crocheted ...	0.57	0.45	5.10

Code	Product label	India's Exports to World (US$ billion)	Germany's Imports from World (US$ billion)	ES Index
401170	New pneumatic tyres, of rubber, of a kind used on agricultural or forestry vehicles and machines	0.69	0.44	6.30
300390	Medicaments consisting of two or more constituents mixed together for therapeutic or prophylactic ...	0.31	0.43	2.93
390761	Poly"ethylene terephthalate", in primary forms, having a viscosity number of >= 78 ml/g	1.05	0.40	10.40
732599	Cast articles of iron or steel, n.e.s. (excluding articles of non-malleable cast iron, and ...	0.74	0.39	7.56
210111	Extracts, essences and concentrates, of coffee	0.31	0.37	3.35
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	4.35	0.36	47.79
420310	Articles of apparel, of leather or composition leather (excluding clothing accessories, footware ...	0.49	0.35	5.56
870193	Tractors, of an engine power > 37 kW but <= 75 kW (excl. those of heading 8709, pedestrian-controlled ...	0.57	0.35	6.57
720241	Ferro-chromium, containing by weight > 4% of carbon	0.93	0.35	10.66
640351	Footwear with outer soles and uppers of leather, covering the ankle (excluding incorporating ...	0.47	0.34	5.49
290220	Benzene	1.31	0.33	15.69
121190	Plants, parts of plants, incl. seeds and fruits, used primarily in perfumery, in pharmacy or ...	0.31	0.33	3.70
550320	Staple fibres of polyesters, not carded, combed or otherwise processed for spinning	0.32	0.31	4.06
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding ...	1.05	0.31	13.46
621143	Womens or girls tracksuits and other garments, n.e.s. of man-made fibres (excluding knitted ...	0.61	0.30	7.97
710239	Diamonds, worked, but not mounted or set (excluding industrial diamonds)	24.24	0.30	321.62

Source: CII calculations based on International Trade Centre's Data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Annex – II

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

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

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

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

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

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

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

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

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

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

After collecting data on the variables above, products for which Germany's world imports and India's world exports exceed US$ 300 million are identified, while rest are excluded. This is done to ensure that there is substantial demand for the product in the partner country i.e. Germany as well as adequate production capability in the exporting country i.e. India.

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

At the end of the exercise, a total of 68 products remain for which the index value is greater than 1, indicating specialization or comparative advantage of these products in the specific market.

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







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Partnerships in Global Value Chains

According to the OECD's Trade in Value Added (TiVA) database, the foreign content in Germany's exports was 20.3% in 2016 and in both gross and value-added terms, driven by manufacturing industries (such as motor vehicles), Germany was highly integrated in regional value chains with its European neighbours.[3] On the other hand, for India, the foreign content in exports has reduced from over 25% in 2012 to 16.1% in 2016.

In the previous section, the data and analysis highlighted specific sectors and products where Germany could potentially ramp up sourcing from the India – the business and investment climate in these sectors is also very conducive for FDI into India.

As noted previously, Germany has a high volume of international exposure in its economy and is well integrated with value chains spread across Europe as well as North America and Asia. Sourcing from India, investing in India and inviting Indian firms to act as intermediary suppliers along various value chains would sharpen the competitive advantage offered by each in the international marketplace.

In the following section, the top products which can potentially slot into German value chains through greater investments from Germany are identified. For German businesses considering competitive sources for further value addition, these products would be a useful guide.

German companies can strategize to set up manufacturing facilities in India for shipping these products to the EU for further value addition and exports.

Methodology: Identifying potential sectors for German Investments and GVC integration

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

3 https://www.oecd.org/industry/ind/TIVA-2018-Germany.pdf

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

This comparison brings up five categories at the 2-digit HS code level which figure prominently amongst German imports and where India has existing high export capacity. The categories include mineral fuels (HS 27); organic chemicals (HS 29); pharmaceutical products (HS 30); iron and steel (HS 72), nuclear reactors and mechanical appliances and parts (HS 84) and motor vehicles, parts etc (HS 87)

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

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

At this level of analysis, only intermediate categories are considered[4], and products intended for final consumption are excluded – for example, apparel and garments (HS 61 and 62) are excluded, even though these are major export items from India to Germany.

Table 12 below lists the final Indian products at the 6-digit level arrived at after the several layers of filtering described above – these are products and sectors where German and Indian companies could productively collaborate within the German supply chains, either in existing ones or as new configurations are envisaged and developed going forward.

Table 11: Potential Sectors in India for German Investments and GVC Integration

HS Code (2 digit)	HS Code (6 digit)	Product label
27	271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...
29	290220	Benzene
29	293399	Heterocyclic compounds with nitrogen hetero-atom[s] only (excluding those containing an unfused ...
29	293499	Nucleic acids and their salts, whether or not chemically defined; heterocyclic compounds (excluding ...
29	294190	Antibiotics (excluding penicillins and their derivatives with a penicillanic acid structure, ...
30	300220	Vaccines for human medicine
30	300390	Medicaments consisting of two or more constituents mixed together for therapeutic or prophylactic ...

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

HS Code (2 digit)	HS Code (6 digit)	Product label
30	300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal ...
30	300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...
39	390110	Polyethylene with a specific gravity of < 0,94, in primary forms
39	390210	Polypropylene, in primary forms
39	392062	Plates, sheets, film, foil and strip, of non-cellular poly"ethylene terephthalate", not reinforced, ...
39	390761	Poly"ethylene terephthalate", in primary forms, having a viscosity number of >= 78 ml/g
39	392190	Plates, sheets, film, foil and strip, of plastics, reinforced, laminated, supported or similarly ...
72	720241	Ferro-chromium, containing by weight > 4% of carbon
72	722220	Other bars and rods of stainless steel, not further worked than cold-formed or cold-finished
84	840890	Compression-ignition internal combustion piston engine "diesel or semi-diesel engine" (excluding ...
84	841112	Turbojets of a thrust > 25 kN
84	841490	Parts of : air or vacuum pumps, air or other gas compressors, fans and ventilating or recycling ...
84	848190	Parts of valves and similar articles for pipes, boiler shells, tanks, vats or the like, n.e.s.
84	848310	Transmission shafts, incl. cam shafts and crank shafts, and cranks
84	848340	Gears and gearing for machinery (excluding toothed wheels, chain sprockets and other transmission ...
87	870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, ...
87	871410	Parts and accessories of motorcycles, incl. mopeds, n.e.s.

Industry 4.0: A New Frontier of Indo-German Collaboration

The fourth industrial revolution is characterized by digitization, and the onset of smart and autonomous systems propelled by data, with machine learning leading to a range of new disruptive technologies. Germany has been at the forefront of the revolution by putting digitization center stage in its agenda for inclusive growth. India in this respect enjoys a vast pool of high-talent resources and excellent engineering base.

The German government launched "Industrie 4.0" (Industry 4.0) in 2011 as a national strategic initiative. It aims to drive digital manufacturing by increasing digitisation and the interconnection of products, value chains and business models. It also aims to support research, the networking of industry partners and standardisation.

The Industrie 4.0 platform launched by Germany includes several working groups specializing in specific aspects such as[5]:

- Reference architectures, standards and norms – to create the lingua franca for the Internet, i.e. define and develop the concepts that form the foundation of future standards;
- Technology and application scenarios – identifying new trends and technologies;
- Security of networked systems – develop solutions, recommendations for actions and concrete application examples for a secure, networked industry. IT security is a key element of GVCs and international standards;
- Legal framework – addresses legal questions pertaining to Industrie 4.0 with recommendations contributing to legal security, especially for SMEs;
- Work, education and training - future working world of industry;
- Digital business models in Industrie 4.0.

Potential for Collaboration

There has been much discussion between India and Germany to collaborate and work more closely on various aspects related to Industrie 4.0.

In many ways, the two countries complement each other's central imperatives with regard to this critical initiative. Germany has been at the forefront of advanced digitized manufacturing and precision engineering and is making huge strides in both horizontal and vertical digitization. Both industrial production and services related to production together make up a substantial portion of the German GDP as well. At the same time, Germany faces a looming skills shortage – its 800,000 strong labor force in the IT sector may not be enough to drive the need of Industry 4.0.[6]

On the other hand, India graduates thousands of software developers and programmers annually and India's IT services industry has built a strong reputation internationally, especially for Business Process Outsourcing (BPO). At the same time, job readiness has been a stumbling block hindering the employability of graduates and the lack of practical training, such as through vocational skills training, has been a gap in India. In addition, manufacturing as a sector continues to lag behind as well. The government, through the 'Make in India', 'Skill India' and 'Digital India' initiatives, has prioritized the manufacturing sector as well as the imperative for skilling the nation's youth and digitization is a central tenet of this. Thus, Germany and India could potentially collaborate to give a major thrust to advanced manufacturing and digitization through the principles of Industrie 4.0 in substantive ways.

Manufacturing is the most key sector under Industrie 4.0 and within this, machinery and automotive industries have been particularly critical. India has been rising up the value chain in these areas and Germany is a recognized world leader.

An important lesson from Germany is also the fact that Small and Medium Enterprises (SMEs) need to be equally invested in Industrie 4.0 adoption. Germany's unique strength in manufacturing is in fact drawn from this mid-tier segment known as the 'Mittelstand' – these companies have built world class reputation in very specific products, building focused specialization through value addition. The German government has already initiated the creation of Industrie 4.0 Competence Centers for the Mittelstand. In India, awareness of Industry 4.0 is generally low – special initiatives geared towards both large companies and SMEs will thus be needed.

Centers of Excellence (CoE) could further help promote the ideas for integrating Industry 4.0 ready equipment in companies' inventories as existing machinery becomes obsolete or as new investments are made. Similarly, upgrading existing machinery wherever possible to 4.0 readiness through the incorporation of sensors and other mechanisms could also be part of the mandate. German CoEs have a vast repository of knowledge, information and know-how about such processes which Indian industry could tap into.

In December 2018, the Government of India approved the launch of the National Mission on Interdisciplinary Cyber-Physical Systems (NM-ICPS) to be implemented by the Department of Science & Technology (DST) with a total outlay of Rs. 36.6 billion for a period of five years. The mission aims to create a strong foundation for CPS technologies by coordinating and integrating nationwide efforts encompassing knowledge generation, human resource development, research, technology and product development, innovation and commercialization. Implementation will be done through a network of 15 Technology Innovation Hubs (TIHs), 6 Sectoral Application Hubs (SAHs) and 4 Technology Translation Research Parks (TTRPs).[7] There could be room for collaboration with Germany through this new mission.

6 https://www.isst.fraunhofer.de/content/dam/isst/de/documents/Publikationen/Studie-Industry-4/Industry-4dot0_The%20Futur_of_Indo-German_Industrial_Collaboration.pdf

7 http://www.serb.gov.in/nm-icps.php

Certain German companies are already taking the lead in promoting Industry 4.0 in India. For example, Siemens has launched a digital experience and application centre in Bengaluru, Karnataka to showcase its suite of solutions for the Industry 4.0 revolution, while Bosch in India is employing smart manufacturing practices in its manufacturing operations.

As of now, there is no formal Indo-German platform or mechanism dedicated to Industry 4.0, such as, for example, the Sino-German Industry 4.0 Alliance.

A formal tie up between India and Germany should be considered to help cross-pollinate ideas, learning and dissemination of best practices in Industry 4.0. Such an effort must bring in relevant government agencies from the center and states, academic institutions as well as industry, both large and SMEs operating across the value chain.

Bilateral Investments

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

India and Germany's business and investment climates are very conducive for enhanced two-way investment flows. Germany is one of Europe's largest and most trade-oriented economies with a high degree of international exposure, with close to US$ 77 billion deployed in outward investments in 2018, as per UNCTAD data. India is a favoured emerging destination for FDI, garnering over US$ 73 billion of inward flows in 2019-20 as per its Ministry of Commerce and Industry. With India's continued development progress and steadily improving business and investment climate, it could emerge as a major market for German overseas investments.

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.

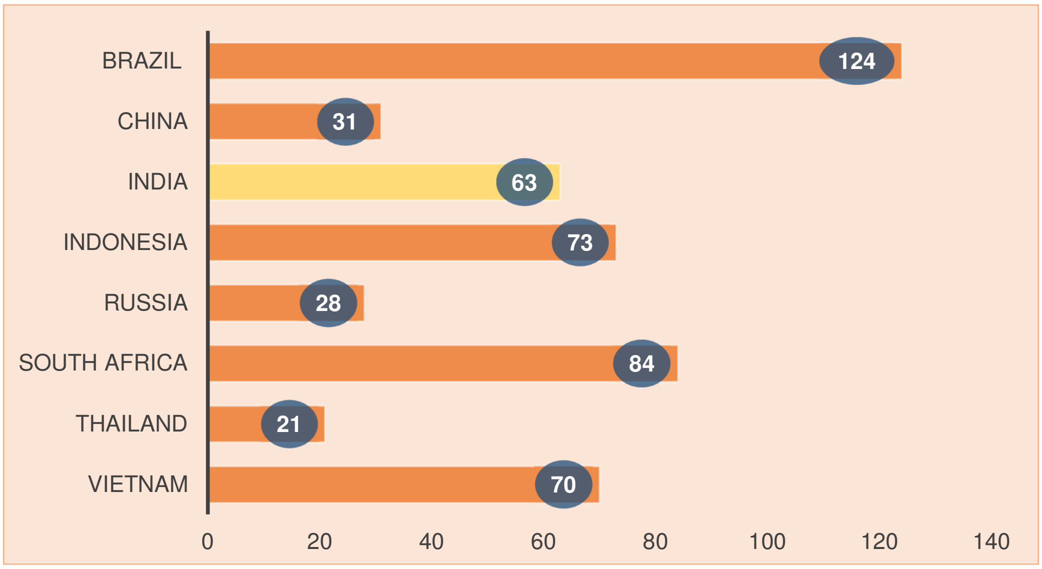
According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDI equity inflows in India stood at US$ 470 billion between April 2000 to March 2020, indicating that government's effort to improve ease of doing business and relaxation in FDI norms is yielding results.

Data for 2019-20 indicates that the service sector attracted the highest FDI equity inflow of US$ 7.9 billion, followed by computer software and hardware at US$ 7.7 billion, telecommunications sector at US$ 4.4 billion and trading at US$ 4.6 billion.

In terms of cumulative FDI equity inflows, the services sector is by far the largest recipient with about US$ 82 billion between April 2000 and March 2020.

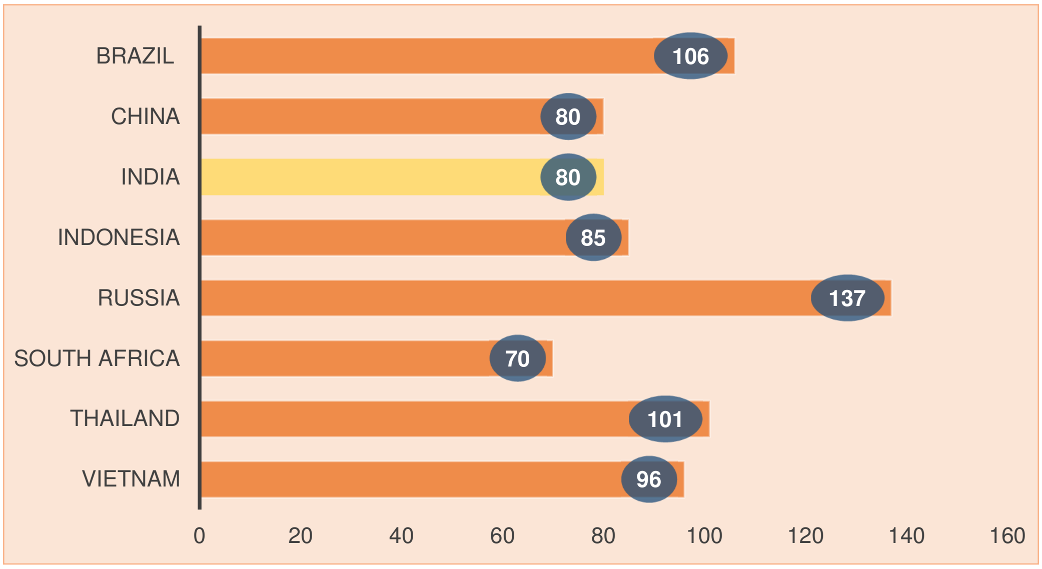
India compares positively with other emerging economies on global rankings on Ease of Doing Business, Corruption Perceptions Index, and Logistics Performance Index. As a large and populous country, it is on its way to raising human development as per the UNDP Human Development Index.

Chart 4: Doing Business Ranking 2019



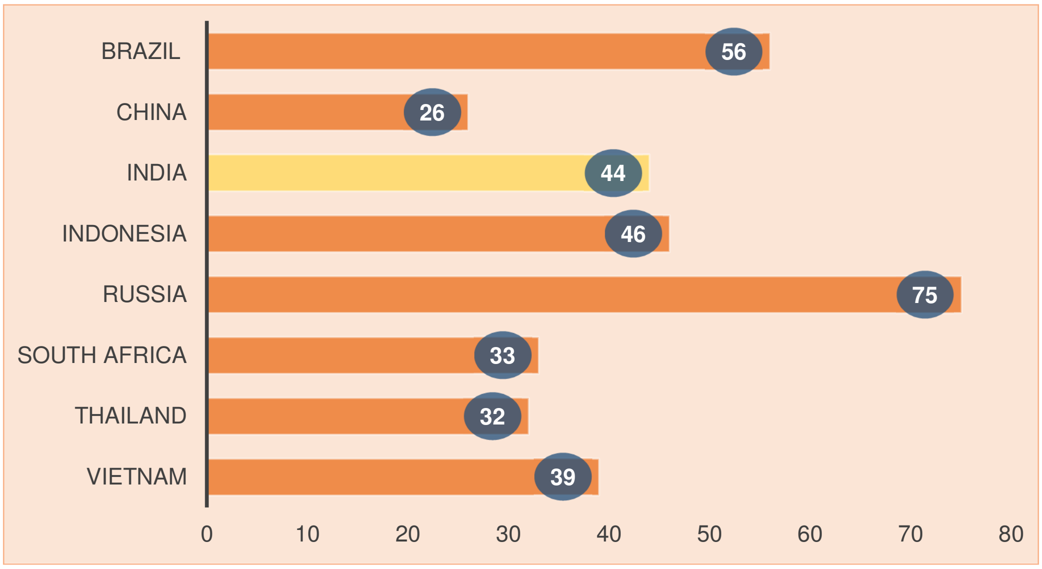
Source: World Bank

Chart 5: Corruption Perceptions Index Ranking 2019



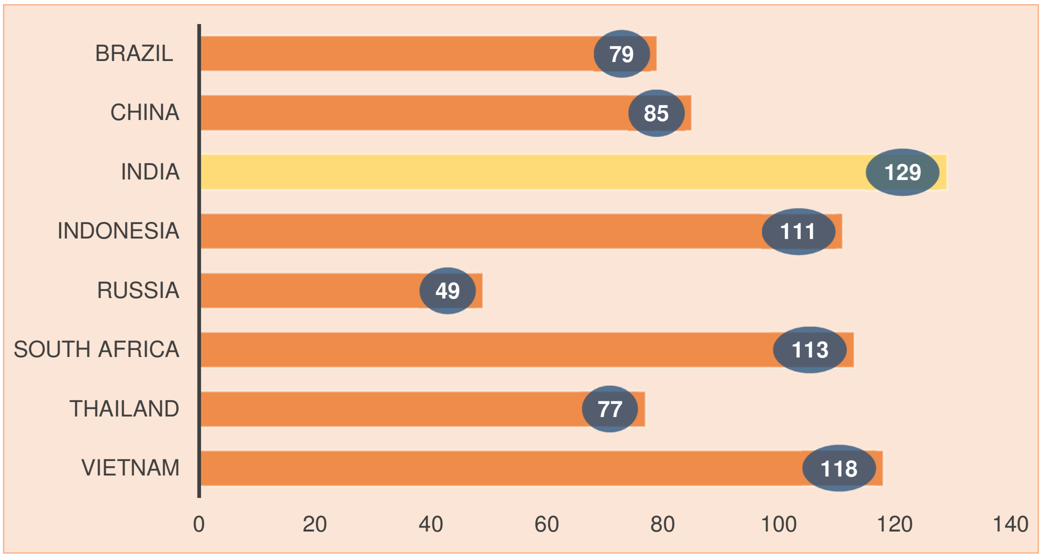
Source: Transparency International

Chart 6: Logistics Performance Index Ranking 2018



Source: World Bank

Chart 7: Human Development Index Ranking 2019



Source: UNDP

Key reforms implemented in India

A strong agenda of economic reform has been undertaken by the Indian government, including implementation of GST and Insolvency and Bankruptcy Code, liberalizing FDI norms, promoting ease of doing business, and taxation, among others.

The Goods and Services Tax (GST) was rolled out in the country in 2017, replacing multiple indirect taxes imposed by Indian state governments. With uniform indirect tax rates across the country, a single online portal for taxpayers and government, and simplicity of filing, GST has added to the tax regime. However, GST is not applicable to certain products such as fuels and alcohol. The top rate is 28% with zero rate for many products and several slabs of taxation, depending on the consumption patterns.

In 2019, India introduced a new direct tax structure, with corporate tax rates brought down from 30% to 25% and 15% for new manufacturing investments for companies not availing other exemptions. Tax on dividends has been placed in the hands of receivers rather than companies.

The lockdown on account of Covid-19 necessitated a renewed wave of new policies. While relief measures were announced for supporting poorer sections of society as well as small businesses at the start of the lockdown period in March 2020, further reforms came about in May 2020. These related to relaxation in permissible FDI in defence production, privatisation of most public sector enterprises, permission to the private sector in prohibited sectors of space and atomic energy, and allowing private participation in coal mining, among others.

FDI-related announcements include:

- 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 in defence production is slated to stand at 74% from earlier 49%.
- 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.

To attract investments into the country, Ease of Doing Business has been taken up in a major way through initiatives by the central and state governments for faster and simpler procedures and clearances. As a result, India's EODB rank has improved significantly over the last 4 years, jumping up from 134 in 2014 to 63 in 2019, underscoring the government's firm resolve to improve the business environment.

The major areas where procedural changes have been made related to digitization of processes, time-bound clearances and approvals, trade facilitation, registration of companies and so on. With most of the actions to be undertaken by the state governments, the central government has enabled states to be ranked as per their achievements; however, the progress across states varies greatly.

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

The Government launched the Make in India initiative during the Hannover Messe in 2015 to boost the manufacturing sector of Indian economy and create employment while enhancing exports. The initiative extends to five main areas of Ease of Doing Business, FDI liberalisation, infrastructure creation, R&D and Intellectual Property Rights, and sectoral policies for key identified sectors. All of these have been actioned with notable results on the ground.

Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy. Taking into account hardware manufacturing, startups and government services, the digital economy of India is targeted at US$ 1 trillion.

German Investments in India

Germany is the 7th largest foreign direct investor in India since April 2000. Germany's total FDI in India from April 2000 until March 2020 amounted to US$ 12.2 billion. There are more than 1600 Indo-German collaborations and over 600 Indo-German Joint Ventures in operation.

A Fast-Track System for German companies has been set up in DPIIT, as agreed between the two sides at the 3rd IGC. The Make in India Mittelstand (MIIM) Programme was launched by the Embassy of India, Berlin in September 2015. It aims at facilitating the entry of German Mittelstand (MSMEs) into India. As on December 2019, MIIM has enrolled 135 German Mittelstand companies as official members. The programme is supporting an estimated investment of around €1.2 billion which is spread across industries such as industrial sector, environment, consumer goods, mobility, advanced technologies, infrastructure, healthcare and chemicals.

Sectors where German Companies are operating in India

1. **Manufacturing**
   - **Automotives especially Automobiles and auto components:** Companies such as Volkswagen, Daimler trucks, Mercedes Benz, BMW, Audi, Bosch, FAG and ZF have been expanding rapidly over the past few years and there is much scope for growth
   - **Industrial Machinery, Equipment and Tools:** Companies such as KSB Pumps, Wirtgen Group and many more have made significant investments in India in the recent past. Older companies such as Siemens continue to thrive in this segment. With the resurgence in manufacturing in India, this segment is likely to become an attractive area for German companies to invest.
   - **Chemicals:** Companies such as Bayer, BASF and Lanxess have deepened their roots in India. This sector could be a major area for German companies to invest in.
   - **Defense and Aerospace:** With the FDI limits in the defense sector being liberalized, there is tremendous opportunity for German defense industry to collaborate and work with Indian firms. Companies such as Thyssen Aerospace and EADS have already entered this space in India.
   - **Metals:** Companies such as Vulkan and ThyssenKrupp have made a foray into this sector. There is tremendous scope to increase collaboration in this sector.
2. **Services sector**
   - **Financial Services:** The success of Bajaj Allianz, Apollo Munich, Deutsche Bank, and HDFC Ergo, among others, should act as trailblazers for other German companies to invest in this rapidly expanding sector.
   - **Logistics:** German companies such as DHL Deutsche Post and Lufthansa Cargo have set up base in India to tap into the rapidly expanding logistics sector in the country.
   - **Research and Development:** The life sciences sector offers enormous scope for companies from Germany to set up R&D centers in India. Bayer CropScience and BASF have already set up such centers. In the automotive sector, Mercedes Benz has a huge R&D center in Bangaluru.

- **Software and IT services:** India's prowess in the IT sector is a major draw for German companies wishing to invest in this space. SAP is one of the companies that have invested heavily in this sector in Bangalore.

Table 12: Top Sectors in India Attracting FDI From Germany *(January 2000 to December 2018)*

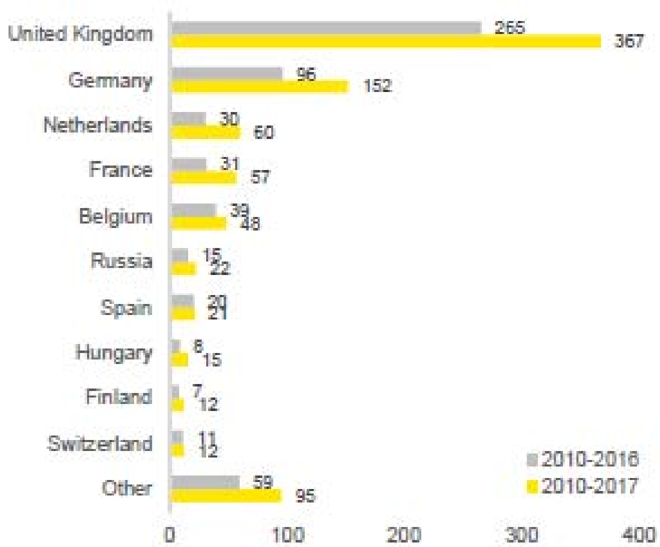
Rank	Sectors	Amount of FDI equity inflows (in US$ million)	% of FDI equity inflows from Germany
1.	Automobile industry	2,604.95	22.79
2.	Service sector	1,708.06	14.94
3.	Miscellaneous mechanical and engineering industries	1,309.54	11.46
4.	Chemicals (other than fertilizers)	795.95	6.96
5.	Trading	791.90	6.93
	TOTAL	7,210.40	63.08

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

Indian Investments in Germany

According to a study titled "Indian Investment in Germany: Update 2018" which was conducted by EY in cooperation with the Indo German Chamber of Commerce (IGCC) and Confederation of Indian Industry (CII), out of a total number of more than 213 Indian subsidiaries operating in Germany, approximately 74 Indian companies each with annual turnover of more than €10 million generated combined annual revenues of approximately €11 billion. These companies are responsible for a combined workforce of more than 23,300 employees. The top 10 Indian companies alone account for more than 74% of all revenues generated by Indian companies and employ around 59% of this group's total workforce.

Top-ten European countries by number of Indian FDI Projects, 2010 to Q1 2016/2017



Source: IBM Global Location Trends database (2018)

According to the study, four dominant sectors accounted for almost 95% of the revenue generated by Indian companies in Germany, as well as 89% of the 23,300 people employed. The sectors include automotives, metals and metal-processing, chemicals and pharmaceuticals and professional, scientific and technical services.

Excellent infrastructure, favourable R&D and innovation conditions as well as a highly skilled labour force comprise the top-rated business environment factors by Indian investors in the 2018 update. In addition, the opportunity to access European Market post Brexit is an important factor for Indian investors.

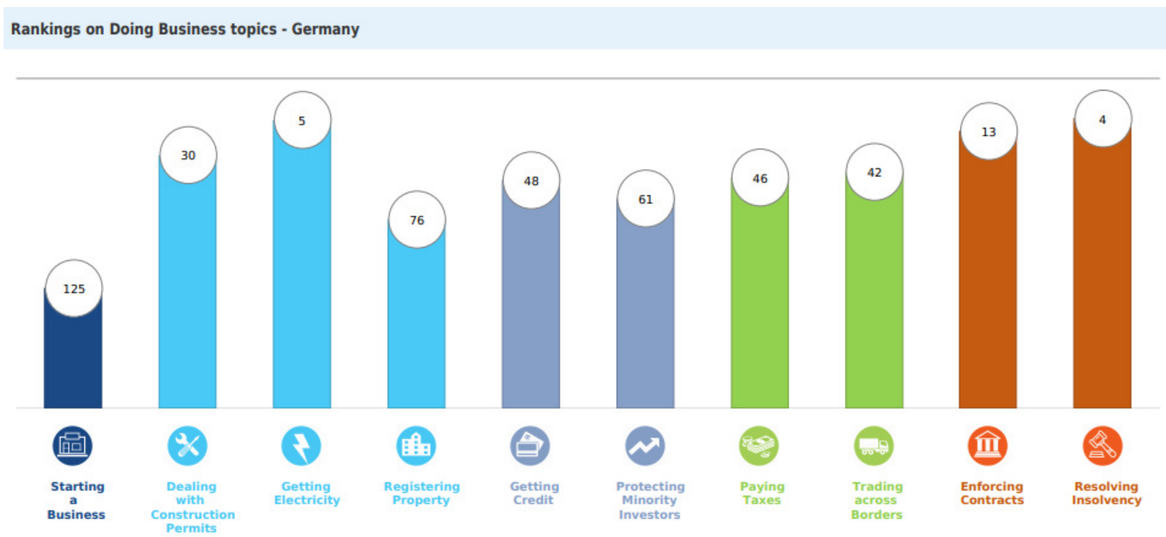
The study noted that Indian investors viewed the quality of living at affordable prices very positively. The quality of education, which is offered for free by the government, makes Germany an attractive location for relevant research and development activities. The high security standards, personally and for financial investments, qualify Germany to be a perfect destination for Indians, who intend to diversify risks investing their private wealth in the Federal Republic.

According to India's central bank, the top 5 Indian investors in Germany are Transasia Bio Medicals Ltd., Bharat Forge Ltd, Ashok Leyland Ltd, Minda Corporation Ltd and Sundram Fasteners Ltd.

INVESTMENT CLIMATE IN GERMANY

As Europe's largest economy, Germany is a major destination for foreign direct investment (FDI) and has accumulated a vast stock of FDI over time. According to the World Investment Report 2019, the total FDI stock in Germany at the end of 2018 amounted to USD 939 billion.

Germany is consistently ranked by business consultancies and the UN Conference on Trade and Development (UNCTAD) as one of the most attractive investment destinations based on its reliable infrastructure, highly skilled workforce, positive social climate, stable legal environment, and world-class research and development. It currently ranks 22 in the World Bank's Doing Business Indicators for 2020.



Source: World Bank Ease of Doing Business Rankings 2020

According to the Global Competitiveness Report, 2019 Germany ranks 7th overall and third in Europe, behind the Netherlands (4th) and Switzerland (5th). According to the report, for the second consecutive year, Germany had the best innovation capability (1st) in the world. Other strengths include infrastructure (8th), macroeconomic stability, market size (5th), and health (31st). Germany can also rely on a highly educated labour force (5th), with skills at 13th rank.

German legal, regulatory, and accounting systems are generally transparent and consistent with developed-market norms. Businesses enjoy considerable freedom within a well-regulated environment. Foreign and domestic investors are treated equally when it comes to investment incentives or the establishment and protection of real and intellectual property. Foreign investors can fully rely on the legal system, which is efficient and sophisticated.

Competitive tax regulations and a wide range of funding options offer a strong framework for investment. The excellent infrastructure and highly qualified workforce are further factors that contribute to sustainable business success.

Germany has effective capital markets and relies heavily on its modern banking system. Majority state-owned enterprises are generally limited to public utilities such as municipal water, energy, and national rail transportation. The primary objectives of government policy are to create jobs and foster economic growth. Labour unions are powerful and play a generally constructive role in collective bargaining agreements, as well as on companies' work councils.

As an OECD member, Germany adheres to the OECD National Treatment Instrument and the OECD Codes of Liberalization of Capital Movements and of Invisible Operations. The Foreign Trade and Payments Act and the Foreign Trade and Payments Ordinance provide the legal basis for the Federal Ministry for Economic Affairs and Energy to review acquisitions of domestic companies by foreign buyers, to assess whether these transactions pose a risk to the public order or national security (for example, when the investment pertains to critical infrastructure).

SECTORS OF POTENTIAL

Automotives and components

The automotive industry has a multiplier effect on the Indian economy and significantly impacts other associated players in the eco-system. The sector received 5.2 percent of the total FDI equity inflows from April 2000 - December 2019. While the key export markets include US, Mexico, Bangladesh, the African region and Asia, the key source countries for imports remain China, Germany, South Korea, Japan and Thailand.

Today, the major auto-clusters in India exist in Chakan (Maharashtra), Oragadam (Tamil Nadu), National Capital Region and Sanand (Gujarat). The presence of large global Tier I, Tier II and Tier III suppliers in India has made its auto sector one of the early adopters of technology changes.

German companies such as BMW, Volkswagen, Daimler trucks, Mercedes Benz, Audi, Bosch etc, already have

ADVANTAGE INDIA: AUTOMOTIVES AND COMPONENTS

- 4th largest automotive industry globally
- Contribution to industrial GDP%
- Contribution to GDP: 6.4%
- Contribution to Manufacturing GDP: 35%
- Turnover (FY 19) US$ 119 billion (about 50% contributed by Auto Components)
- Employment
  Direct: 8.5 million
  Indirect: 29 million
- Exports: 8% of total export
  USD 27.5 billion

substantial presence in India. Given the impact of COVID19 and subsequent disruptions in global value chains in this sector, Germany could look at sourcing its auto components in greater measure from India, which is a leading manufacturer in the space.

The Indian auto sector has been making large strides over the past few decades – currently the sector employs about 37 million people (direct and indirect), contributes about 7.5% to the country's GDP and 49% to the manufacturing GDP. Both automobile and auto components segments have been growing rapidly, largely driven by the healthy growth of the Indian economy, coupled with a rise in personal disposable incomes and easy availability of finance offered by various auto companies. Strong infrastructure growth and positive outlook of the freight transportation industry in India have been key drivers for growth of commercial vehicle market in India.

RECENT POLICY ANNOUNCEMENTS

- In September 2019, corporate taxes for domestic companies to 22% and 15% for new local manufacturing companies were cut down. The government slashed effective corporate tax rate to 25.17% inclusive of all cess and surcharges for domestic companies and the effective tax rate for new domestic manufacturing companies incorporated after October 1 to 17.01% inclusive of all surcharges and cess.
- Income tax deduction of Rs 0.15 million on the interest paid on loans taken to purchase electric vehicles will make electric vehicles affordable to consumers. This will amount to a benefit of around Rs 0.25 million over the loan period to the taxpayers who take loans to purchase electric vehicles.
- The Government announced complete exemption from minimum alternate tax (MAT) while also reducing MAT from the present rate of 18.5 per cent to 15 per cent, giving relief to those companies that will continue to avail of incentives and exemptions.

Change in GST rates in Electric Vehicles

In July 2019, Government notified the following GST rate related changes:

i. The GST rate on all electric vehicles be reduced from 12% to 5%.

ii. The GST rate on charger or charging stations for Electric vehicles be reduced from 18% to 5%.

iii. Hiring of electric buses (of carrying capacity of more than 12 passengers) by local authorities be exempted from GST.

Under the second phase of the Faster Adoption and Manufacturing of Electric Vehicles in India (FAME-II) scheme, 1 million registered electric two-wheelers with a maximum ex-factory price, will be eligible to avail incentive of Rs 20,000 each. It will also support 0.5 million e-rickshaws having ex-factory price of up to Rs 0.5 million with an incentive of Rs 50,000 each. FAME-II will offer an incentive of Rs 0.15 million each to 35,000 electric four-wheelers with an ex-factory price of up to Rs 1.5 million, and incentive of Rs 13,000 each to 20,000 strong hybrid four-wheelers with ex-factory price of up to Rs 1.5 million. It will support 7,090 e-buses with an incentive of up to Rs 5 million each having an ex-factory price of up to Rs 20 million). Total outlay for Phase II is Rs 100 billion.

India is becoming a favored sourcing destination for auto components and has emerged as an outsourcing hub for auto parts for various international companies such as DaimlerChrysler, BMW and Volkswagen. India is also becoming a hotspot for offshoring of automotive design and engineering services.

Innovation and technology up-gradation are key drivers for success in today's highly competitive automotive market. Hence there lies an immense opportunity for Indian and German car makers to collaborate and leverage each others' strengths in areas of technology, precision manufacturing, cost effective production techniques, huge potential market etc. German companies can also look at making India a base to source auto components, catering to emerging Asian markets. Similarly, Indian auto majors can partner with their German counterparts to take advantage of Germany's technological prowess, to cater to the vast European market.

Advanced Manufacturing (Capital Goods):

Within manufacturing, the capital goods sector currently contributes 2% to India's GDP. It has immense potential to have a multiplier effect on the economy, especially manufacturing.

The R&D ecosystem in the capital goods manufacturing sector is currently missing in India – this applies to the advanced manufacturing sector as well. Despite boasting of world-renowned academic institutions, the industry-academia linkage in India remains poor, which further hinders R&D efforts in manufacturing. Technology up-gradation is critical in this sector but is not always possible due to financing constraints within companies.

Currently, imports dominate this sector though there is a strong desire and push within the government to spur more domestic manufacturing while inviting FDI as well. Capital goods as a sector has two sides that can contribute to growth – demand increases when other manufacturers expand capacity because of increased demand for their goods. This demand cannot be managed by the government, except by giving a thrust to projects in infrastructure, heavy engineering, and construction. This is already being done by the Finance Ministry allocating funds for large projects.

ADVANTAGE INDIA:
CAPITAL GOODS

- No Industrial License is required for this sector
- FDI is allowed under the automatic route (information just needs to be provided to the Reserve Bank of India)
- No import license is required
- Company can be established online, hugely facilitating ease of doing business in this sector
- Taxation - Corporate taxes 25%, Import duties maximum 10%, General Import duty 7.5%, GST 18%
- Land is being made available under this sector in well located industrial parks throughout the country

Some strides have been made in promoting technology development, design and R&D in this sector such as the establishment of Centres of Excellence in Central Manufacturing Technology Institute (CMTI), IIT Madras and the Machine Tools Park, Bengaluru. The advanced manufacturing technology development center at IIT Madras for example, focuses on indigenizing manufacturing capabilities in India and is engaging with the industry on aspects such as smart manufacturing.

The Government's "Enhanced Competitiveness of Capital Goods Scheme", with a large percentage of investment by the Government in about 50 technology development projects, has yielded encouraging results. Though the investment was not large, the success rate was high because of focused attention by the academia and industry on specific projects. Phase 2 of this scheme is being planned.

In addition to initiatives like Make in India, there is also need for greater emphasis on higher value addition activities such as design, development, and innovation specifically in the advanced manufacturing and capital goods sector. Germany could play a key role here. Germany's top 3 exports to the world in 2019 were Machinery and mechanical appliances (HS 84), with exports valued at US$ 260.7 billion; Vehicles, parts and accessories (HS 87) with exports to the world pegged at US$ 243.7 billion; and electrical machinery, equipment and parts (HS 85) where exports were estimated around US$ 158.7 billion. A bulk of these categories include products that are classified as being in the capital goods sector and are firmly in the advanced manufacturing space.

Germany's prowess in precision manufacturing and engineering is well known and this could be potentially a major area of engagement with India in terms of technology tie-ups between German and Indian companies, collaborations between R&D and educational institutions, as well as best practices and learnings from industry-academia tie ups. There could also be much room for engagement in terms of GVC integration which is hugely important in all these categories of products.

Defence

According to a report by the Stockholm International Peace Research Institute (SIPRI), India's military spending grew by 6.8% to US$ 71.1 billion in 2019 – the highest in South Asia and the third highest in the world, trailing behind the United States and China.

India plans to spend US$ 130 billion on military modernization in the next 5 years, with the aim of achieving self-reliance and boosting indigenous manufacturing.[8]

The Government of India has created a separate organisation – Defence Acquisition Wing – within the Ministry of Defence to steer all capital acquisitions for the armed Forces. A comprehensive Defence Procurement Procedure (DPP), which carries an elaborate set of guidelines for all stakeholders, was also promulgated. The DPP 2016 version is currently in force.

The DPP has been designed in line with the 'Make in India' initiative to enable Indian industry to establish technology and manufacturing collaborations with foreign Original Equipment Manufacturers to enhance indigenous design, development and manufacture of defence platforms and systems.

ADVANTAGE INDIA: DEFENCE

- India maintains the second largest armed forces in the world
- India is the 5th largest military spender in the world (USD US$ 42.2 bn in 2020-2021) – 3.7% of global military expenditure
- Second largest importer of military equipment in the world with US US$ 14.56 billion allocated for capital expenditure in 2020-2021.
- In 2018-2019, India exported defence equipment worth US US$ 1.4 Billion
- Overall defence production was US US$ 11.4 billion in 2018-2019 and of this, private sector contributed US US$ 2.4 billion.

Further, the 'Strategic Partnership' (SP) Model was introduced in DPP 2016 to create a vibrant defence manufacturing ecosystem in the country through involvement of both the major Indian corporates as well as the MSME sector, with full engagement of foreign technology partners. Under

8 https://www.investindia.gov.in/sector/defence-manufacturing

the SP Model, selected private firms will be roped in to build military platforms like submarines and fighter jets in India, in partnership with foreign entities. In the initial phase, four major segments viz. fighter aircrafts, helicopter, conventional submarines and armoured fighting vehicles including main battle tanks – have been selected to be progressed. Projects for 111 Naval Utility Helicopters and 6 Conventional Diesel Electric Submarines with air independent propulsion are in advanced stages of SP selection. Expressions of Interest for 110 fighter aircrafts are also under evaluation.

India offers a highly skilled technical workforce to support all domains of industrial activities – design, development, testing & simulation and manufacturing. These are supported by a vibrant, competent, cost competitive industry eco-system in all areas / disciplines.

The Indian Government and Indian industry has expressed deep interest in technology and joint venture collaborations with multi-national companies interested in the lucrative Indian defence market – currently, many vibrant projects are underway with nations such as the USA, Israel, France etc. The partnership with Germany holds much promise in this critical sector as well.

ENABLING POLICY ENVIRONMENT

Foreign Direct Investment: 100% FDI is allowed in Defence industry; wherein 49% is allowed under automatic route and beyond 49% through Government route.The Defence industry is subject to Industrial license under the Industries (Development & Regulation) Act, 1951; and Manufacturing of small arms and ammunition under the Arms Act, 1959.

Other conditions:

(a) Infusion of fresh foreign investment within the permitted automatic route level, in a company not seeking industrial license, resulting in change in the ownership pattern or transfer of stake by existing investor to new foreign investor, will require Government approval.

(b) Licence applications will be considered and licences given by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, in consultation with Ministry of Defence and Ministry of External Affairs.

(c) Foreign investment in the sector is subject to security clearance and guidelines of the M/o Defence.

(d) Investee company should be structured to be self-sufficient in areas of product design and development. The investee/joint venture company along with manufacturing facility, should also have maintenance and life cycle support facility of the product being manufactured in India.

Defense Corridors: Two Defence Corridors have been planned to be set up in India -

(i) Uttar Pradesh, which leverages the existing manufacturing ecosystem in the state is ideally suited for economic testing and R&D facilities and

(ii) Tamil Nadu, which ensures a mature manufacturing ecosystem for investments and innovation. The central and state Governments have offered several facilitative steps for investment in the corridors.

Several other industrialised states such as Karnataka, Maharashtra, Gujrat, Andhra Pradesh etc. have also promulgated their regional policies for development of A&D industries in their states. These states also offer several attractive terms for investments by foreign companies.

India and Germany signed a Bilateral Defence Cooperation agreement in 2006, laying the foundations for defence cooperation that has been built in subsequent years. The agreement envisaged deeper cooperation in security and defence issues, including the exchange and training of military personnel, greater cooperation with regard to the development of joint defence productions as well as increased technology transfer.

German defence manufacturers including Atlas Elektronik, Krauss-Maffei Wegmann, Thyssen Krupp Marine Systems (TKMS) and Diehl Defence have expressed interest in participating in India's myriad procurement opportunities in the defence sector. In a great example of the kind of co-development envisaged under 'Make in India', in 2017 India entered into a contract with Germany based Atlas Elektronic for six low frequency Active Towed Array Sonar (ACTAS) systems which would help detect enemy submarines. Under the contract, the first six systems would come from Germany and the rest are to be manufactured in India in cooperation with Bharat Electronics Ltd. [9]In another such example, in 2018 Maharashtra's warship builder Mazagon Dock Shipbuilders Ltd announced a partnership with Germany's Thyssenkrupp Marine Systems GmbH to overhaul the Indian Navy's Shishumar Class non-nuclear diesel electric submarine.[10]

Examples of such collaboration could spur other Indian and German defence companies to begin working in partnership to meet the many demands for defence products being put forward by India's armed forces.

The burgeoning Indian MSME sector in the defence and aerospace sector can also become an integral part of the supply chain for German companies – Germany could thus look at technology collaborations to source from India in a bid to scale up its own exports to other Asian countries and beyond.

With nearly 30 percent of India's defence procurements being sourced through imports, German companies can capitalize on this opportunity. German companies are already well known for their superior engineering technologies and advanced and precision manufacturing capabilities. There is a need for more Indo-German partnerships of the kind mentioned earlier to create greater familiarity and comfort within German companies in working with the Indian defence establishment and with Indian defence companies, both large and small.

Engineering R&D[11]

India's Engineering R&D (ER&D) industry has matured over the past two decades to become one of the largest and most advanced globally. The exciting convergence of engineering, technology and design-led manufacturing capabilities in recent years and the size and potential of its markets make India an attractive destination for global partnerships and investments.

With over 600,000 resources currently engaged in the ER&D industry, and one million new graduates every year, India has one of the largest engineering talent pools in the world. The sector generated revenues of $30 billion in 2019 and expects to reach $100 billion by 2025, fueled by the strong adoption of digital engineering globally. Supported by investments from industry, government and academia the ER&D industry has been quick to upskill for digital and enable rapid adoption and application of emerging technologies.

9 https://economictimes.indiatimes.com/news/defence/navy-to-soon-get-latest-sonar-systems-for-anti-sub-warfare/articleshow/47473138.cms?from=mdr

10 https://www.financialexpress.com/industry/german-defence-companies-keen-to-invest-in-make-in-india-programme/145005/

11 This section has been contributed by Cyient Ltd

Digital Engineering: India is home to the third largest base of start-ups globally (~80,000), and this thriving ecosystem is growing at 10% annually. The strong focus on deep tech, including artificial intelligence, blockchain, IoT, analytics, and immersive media makes India one of the world's fastest growing technology hubs.

The start-up ecosystem attracted $10 billion in investment in 2019 from angel investors, VCs, PE firms, and institutional investors. Incubation facilities established by government agencies are providing start-ups with access to technology, talent, networks, and funding.

Design and Make in India: Global OEMs find India an attractive location for low cost, high volume as well as complex, value added manufacturing. In addition to its manufacturing infrastructure, trained manpower and cost-competitiveness, India is also one of the world's largest electronics markets. The triple play of market size, engineering R&D and manufacturing, all of which OEMs can access at scale, gives India a distinctive advantage.

SECTORAL OPPORTUNITIES

Rail Transportation: India has the world's fourth largest railway network, spanning 68,000 km and 7,300 stations. The Ministry of Railways which operates the network has lined up investment opportunities for projects relating to electrification, advanced signaling, station development, dedicated freight corridors, and high-speed corridors. In addition, many state governments have announced plans to build modern metro systems in cities. GoI is looking for Public-Private Partnerships (PPP) to help execute these projects and has earmarked over $100 billion of investment over the next 4 years to support the sustainable expansion of India's rail network.

Aerospace and Defense: India is the world's ninth largest civil aviation market. It is also the second largest importer of defense equipment. The growing demand for commercial aviation has increased the pressure on existing infrastructure that will be required to support 2,000 aircraft by 2030. New government reforms and initiatives focus on the modernization airports, air-traffic management systems and MRO facilities. As the country strives for greater self-reliance in defense, the government has also relaxed investment norms to allow 74% FDI in this critical sector. This paves the way for global OEMs to invest in defence production and bring niche technology to the country through strategic partnerships.

Semiconductor: New and advanced technologies such as IoT, ARVR and 5G, coupled with smart and connected devices, are driving the global semiconductor design market. The same is true in India, which saw its chip design market grow 15% over the last 3 years and is expected to reach $60 billion by 2025. The industry continues to actively invest in developing talent and technology capabilities and is working closely with academia to harvest the potential of the next generations of students and start-ups. An industry funded accelerator for fabless semiconductor start-ups plans to incubate 50 start-ups in this space over the next five years.

Medical Technology & Healthcare: India's per capita consumption of medical devices is extremely low compared to the global average because the cost of mid-tech and advanced medical technology remains prohibitive for large parts of the population. It also faces challenges in delivering affordable healthcare across the last mile. With less than 2% of the country's GDP spent on healthcare, there is significant opportunity for technology to help fill the gap. The ER&D industry's focus on design-to-cost complemented by a robust manufacturing ecosystem makes India an attractive destination for design-led-manufacturing of medical devices by global players.

Sustained business reforms over several years, have helped to significantly improve India's Ease of Doing Business ranking. With an FDI inflow of $74 billion in 2019-20 representing a 20% y-o-y increase, India remains a compelling destination for global OEMS and investors attracted by its market size and opportunities and access to world-class engineering, technology and manufacturing.

It is an exciting time for the country's ER&D industry. A strong foundation combined with global aspirations make this sector an attractive opportunity for investment.

Vocational and Education Training

Rapidly increasing numbers of students in foreign countries have boosted international mobility, resulting in 2.7 million students studying abroad every year. The main countries of origin for foreign students are China, India and South Korea. Developed countries like Germany, US and the U.K. are the prime destinations for these movements.

While a large share of Chinese students attend German institutions of higher education, Germany has a substantially smaller market share of the global mobility generated by India, which has risen to become the world's second most important country of origin.

Education is set to emerge as an attractive investment theme in India, with the population's median age below 25 years, and with a perceptible shift in mass mindset towards higher spending for education. Such complementarities between India and Germany open up vast opportunities for educational cooperation, especially in the field of higher education.

There has been a great deal of interest in India in emulating Germany's unique vocational education and training system where students spend 80% of their time at companies, under the watch of corporate trainers and 20% learning theory in vocational schools run by state governments. At present, the Indo-German Training Centre (IGTC) is the only training center in India, to deliver quality learning and practical training based on this system. More such initiatives by various German institutes will benefit Indian students and corporates alike.

At the same time, several German companies have been running vocational education and training (VET) programs in India for some time. Siemens for example runs courses for fitters and electricians, training about 13,000 students per year while Bosch launched a skills development center in Bangalore, dedicated to modern manufacturing, modern carpentry as well as two consumer electronics labs developed in partnership with Samsung Electronics.[12]

Discussions in the Indo-German Joint Working Group on Vocational Education and Training and other bilateral consultations have helped identify several fields of cooperation between India and Germany[13]:

- Dual apprenticeships and workplace-based skill development at cluster level and policy level.
- Establishment of cluster-oriented structures for vocational education and training.
- Support for cooperation between German companies operating in India and the Indian Government

12 https://asia.nikkei.com/Politics/International-relations/India-seeks-to-emulate-German-vocational-training-system

13 https://pib.gov.in/newsite/PrintRelease.aspx?relid=194179

as well as between German companies and Indian companies in the fields of skill development and vocational training

- Development competence-based curricula and their dissemination within the training system.
- Training of master trainers to build up capacities in training institutes and within micro, small and medium-sized enterprises.
- Technical support for the development of a national institute for skill development.
- Investigation and implementation of training measures
- Cooperation and consulting on the further development of training, assessment and certification standards.
- Cooperation on skill development in new, innovative and sustainable technologies such as renewable energy, e-mobility and energy-efficiency.

Several agreements have been signed in 2019 between both sides to actualize some of these over-arching goals and other initiatives are underway as well.

With about 1 million new workers entering the workforce in India every month, the needs of the VET sector are enormous. The Government has pledged to skill 400 million people till 2022 under the Skill India program. While many bilateral Government initiatives are underway there is a lot of scope for greater private sector engagement and Germany is well positioned in this regard.

Electronics

India's booming electronics market is expected to more than double to reach US$ 228 billion in 2020 from US$ 100 billion in 2016-17. The growth is forecast based on a growing customer base, trade pacts, Government policies and increased penetration of consumer durables.

The Indian Government's thrust on using technology to improve delivery of its public services and the digital revolution has opened up opportunities for companies to develop and manufacture innovative products and solutions across the country. Initiatives like Make in India and Digital India have further pushed the sector ahead. Besides, the development of Electronic Hardware technology parks and Special Economic Zones (SEZs) has created a favorable 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 for 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. Therefore, there is thus potential for future growth especially as the consumer base expands and greater spending power is concentrated in the hands of consumers.

ADVANTAGE INDIA: ELECTRONICS

- Value of electronics produced in India grew by CAGR of 25% between 2014-2015 to 2018-2019
- India's share in global electronics manufacturing grew from around 1.3% in 2012 to 3.0% in 2018 – growth of almost 6%
- Exports of electronics have risen to US$ 8.8 billion in 2018-2019
- In volume terms, India was the second largest manufacturer of mobile phones in the world in 2018
- The sector has generated employment for over 2 million persons across the country

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):**
   - The scheme is proposed to offer 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 Rs. 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.
2. **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 will be 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 Rs. 32.85 billion (approx. US$ 434 million) over a period of 8 years for this scheme.
3. **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 Rs. 3,762.25 crore (approx. US US$ 497 million) for this scheme over a period of 8 years.

Taking advantage of these opportunities, several German electronics manufacturers have already set up operations in India. These include Bosch, Continental and Giesecke and Deverient. that operate across the country.

Food Processing

Riding on a favourable policy ecosystem, the Food Processing sector in India has been growing at an Average Annual Growth Rate (AAGR) of around 8.41% between FY14 and FY18, and constitutes as much as 8.83% and 10.66% of GVA in the manufacturing and the agriculture sector respectively. As per the latest Annual Survey of Industries (2016-17) data food processing accounted for

- 15.95% of the total number of factories
- 16.78% of the operational factories
- Employed 11.36% of the workforce
- 14.09% of the output

Besides being a large sourcing hub for agriculture produce, India has the advantage of a large and growing market. Changing consumption patterns due to urbanization, 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, more than 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.

ADVANTAGE INDIA: FOOD PROCESSING

- India's market size for food is expected to reach US$ 544 billion by 2020-21 and food industry output is expected to reach US$ 535 billion in 2025-26.
- A young workforce with increasing spending power implies growing consumption of food which is expected to reach US$ 1.2 trillion by 2025-26.
- India is the biggest producer of fruits and vegetables in the world but processing level is only 2%; only 23% of marine food is being processed; only 6% of poultry and 21% of meat is being processed.
- Huge growth in demand for healthy, nutritious, organic, packaged, ready-to-eat food segments.

India is the second largest producer of fruits and vegetables in the world, but processing levels stand at just 2%. Thus, there is a huge opportunity in harnessing the potential of processed fruits and vegetables in the form of frozen i.e. individually quick freezing (IQF), canned, pulp, puree, paste, sauces, snacks, dressings, flakes, dices, dehydration, pickles, juices, slices, chips, jams, jelly, etc.

Processing levels of marine food in India is 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 western 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.

Other emerging sectors include:

– Packaged food segment has been reporting double digit growth in 2018 with edible oils and dairy products accounting for a major share.
– Healthy breakfast cereals segment
– 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.

In India, the gross value of plant and machinery deployed in food processing sector is estimated to reach US$ 51.19 billion by the year 2024-25. With consumers in India shifting towards more advanced value-added food categories, there is a huge demand for advanced methods, technology, and machinery, with least impact on sensory qualities such as colour and texture.

In addition to availability of processing machinery, the next phase of growth of food processing sector will also require equipment and machinery that support infrastructure creation across the value chain. There is a massive requirement for pack houses at the farm gate, cold storage facilities across the value chain, multi modal logistics infrastructure at port gateways with phytosanitary facilitation, etc. Thus, equipment manufacturers specialising in manufacturing equipment for these infrastructural facilities have an edge.

Further, as the industry landscape shifts, versatile equipment that can produce many different product types, allowing companies to increase their output without major changes to their facilities are in demand. Finally, there is a need for automation, and high precision in equipment to ensure quality, safety and hygiene.

There are clearly huge synergies between India's nascent food processing sector and Germany's established presence in this area of economic activity. Germany is currently Europe's largest food producer and the F&B (Food & Beverage) segment represents the fourth largest industry in Germany. SMEs dominate the sector with over 6000 companies operating and creating production value of around EUR 180 billion (US$ 195 bn) in 2018.

Exports of processed foods and agricultural commodities generated sales of EUR 71.5 billion (US$ 77.5 bn) in 2018, making Germany the third largest exporter of food and beverages worldwide.[14] The largest sector sub-segments in 2018 included meat (23.7%), dairy (15.1%), baked goods (9.7%), and confectionery & long-life bakery products (7.6%).

14 https://www.gtai.de/gtai-en/invest/industries/consumer-industries/food-beverages

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 Rs. 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 upto Rs. 0.5 billion 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%.
- **Income Tax:** Favourable treatment for income tax purposes for businesses in this segment.
- **Financing:** The food processing sector enjoys priority sector lending benefits. Further, to boost easy access of finance, infrastructure status is provided for projects like Mega Food Parks and Cold Chains. 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.

IT & BPM

India is one of the fastest-growing IT markets in the world. The rapid emergence of Indian IT sector has transformed the Indian economy as well as its image from a slow-moving low technology economy to a high-tech land of innovative entrepreneurs. Data for 2019-20 indicates that the service sector attracted the highest FDI equity inflow of US$ 6.52 billion, followed by computer software and hardware valued at around US$ 6.34 billion. The evolution of the IT industry, bringing with it a 'digital skills' explosion has also helped herald the start-up ecosystem in India. Some of the recent notable FDI announcements pertaining to the IT sector in India are:

- Facebook has bought a 9.99 per cent stake in Reliance Jio Platforms for Rs 435.74 billion.
- In January 2020, Amazon India announced investment of US$ 1 billion for digitising small and medium businesses and creating one million jobs by 2025.
- In January 2020, Nippon Telegraph and Telephone, a Japanese tech company announced its plans to invest a significant part of its US$ 7 billion global commitment for data centres business in India over the next four years.

- In January 2020, Mastercard announced its plans to invest up to US$ 1 billion in India over next five years to double-up its research and development efforts for the Indian market.
- As of November 2019, there were 417 approved SEZs across the country where 274 are for IT & ITeS and143 are exporting SEZs.

Indian IT's core competencies and strengths have attracted significant investments from major countries. The computer software and hardware sector in India attracted cumulative Foreign Direct Investment (FDI) inflows worth US$ 43.58 billion between April 2000 and December 2019 and ranks second in terms ofFDI inflows, as per data released by the Department for Promotion of Industry and Internal Trade (DPIIT).

The country has huge untapped potential and for investors, it is a brilliant opportunity. With more and more people turning entrepreneurs, the Indian Government too has realized the potential of start-ups towards the growth of the economy. The Government has also initiated several schemes that are working towards encouraging foreign investors, by making it easy for them to venture into the Indian IT and start-up ecosystem.

ADVANTAGE INDIA: IT AND BPM

- The industry accounts for 8% share in the country's GDP and is the largest employer within the private sector, with 3.9 million employees.
- The IT-BPM industry in India accounts for 55% of the total global outsourcing market. In India, it accounts for more than 45% share, which is the largest, in total services export.
- The IT-BPM sector in India stood atUS$ 177 billion in 2019 and it is estimated that the size of the industry will grow to US$ 350 billion by 2025.
- IT exports from India are expected to touch US$ 137 billion in 2019 – with a growth of 8.3%.

Germany brings its own strengths to the table. It is Europe's single largest software market, accounting for nearly 25% of the European software market. Though several globally recognized large companies originated in Germany (such as SAP), more interesting is the fact that the industry boasts of hundreds of smaller, highly specialized companies, drawn from the German Mittelstand (SME sector), which are globally renowned in their specific domain. These companies have a a significant customer base, comprising ofboth domestic and overseas customers.

FACILITATIVE GOVERNMENT INITIATIVES

- On May 2019, the Ministry of Electronics and Information Technology (MeitY) launched the MeitY Startup Hub (MSH) portal.
- National Policy on Software Products,2019 was passed by the Union Cabinet to develop India as a software product nation.
- In December 2019, the Government permitted 26 per cent FDI in digital sectors.
- Government's recent decision to further liberalise the Foreign Direct Investment (FDI) norms for more than 21 sectors will help in the further growth of the start-ups, SMEs and MSMEs.
- Standard Operating Procedures (SOPs) were introduced, for FDI proposals, allowing start-ups to issue convertible notes to foreign investors
- Apart from a few sectors, near 90 per cent of total FDI inflows are now through the automatic route.

Segments such as big data, cloud computing, Enterprise Resource Planning (ERP), Smart Social Business Platforms, E-Energy and Smart Grids are some of the newly emerging, dynamic segments within the German IT Industry, where there may be room for enhanced Indo-German cooperation. The skills shortage in the German IT industry could be well complemented by India's abundant pool of skilled and highly educated manpower, while the innovative, dynamic and entrepreneurial spirit of both countries provides natural synergies that need to be leveraged.

Renewable Energy

In 2019, India was ranked the fourth most attractive renewable energy market in the world. The country set an ambitious target of 175 GW of renewable power by 2022, which includes: 100 GW of solar power; 60 GW from wind power; 10 GW from biomass power and 5 GW from small hydro power. This is the world's largest expansion plan in renewable energy. Up to 100% FDI is allowed under the automatic route for renewable energy generation and distribution projects subject to The Electricity Act, 2003.

As of October 2018, India ranked 5th in installed renewable energy capacity and ranked 2nd among the emerging economies to lead to transition to clean energy. With the increased support of Government and improved economics, the sector has become attractive from an 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.

The international equity investment in India's clean energy sector was US$ 283 million in 2016, US$ 532 million in 2017 and US$ 1.02 billion in 2018.

The renewable energy space in India has become very attractive from the investors' perspective and has received FDI inflows of US$ 9.1 billion between April 2000 and December 2019.

ADVANTAGE INDIA: RENEWABLE ENERGY

- India has pledged to install 175 GW of renewable power capacity by 2022.
- 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.
- Renewable energy will account for 55 per cent of the total installed power capacity by 2030.
- 7% growth in energy supply will be required if India is to grow at 8%. Thus, energy will continue to remain a key input in India's GDP growth.
- In terms of tariffs paid by customers on renewable energy, India is one of the cheapest in the Asia Pacific region.

FACILITATIVE POLICY FRAMEWORK

- **FDI:** FDI of up to 100% is available in this sector through the automatic route.
- **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 for procurement of solar & wind power 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 with storage system, if required.
- **Grid-Connected Rooftop Solar (RTS) Programme:** Phase II of the Grid connected rooftop solar programme was approved in February 2019, with a target for achieving cumulative capacity of 40,000 MW from Rooftop Solar (RTS) Projects by the year 2022. In this phase, Central Financial Assistance (CFA) for the residential sector has been restructured.
- **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) has been undertaken 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 Organization (WTO) compliant manner, using domestically manufactured solar PV cells and modules to encourage 'Make in India' in Solar PV Manufacturing sector
- **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 utilization 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 7,600 km. Eight zones are identified each in Gujarat and Tamil Nadu having cumulative offshore wind energy potential of 70 GW.
- **Term loans to DISCOMs for clearing outstanding payments of RE generators:** Ministry of New and Renewable Energy (MNRE) has requested PFC/REC/IREDA (full forms) to extend short term loan to DISCOMs, for the purpose of making payments to renewable energy generators.
- **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.

On the other hand, Germany is a leader in the renewable energy sector within Europe. Germany's focal theme has been 'Energiewende' or 'energy turnaround' and it has been a dominant feature of Germany's political discourse, at least since the 1980s. Energiewende refers to the the planned transition to low carbon, environmentally sustainable, reliable, and affordable energy supply. There is huge interest within the German citizenry for this transition to occur.

In 2019, renewable energy's share of Germany's overall power supply mix increased to a reported 46%. The country has a stated target of renewables providing 65% of the country's power mix by 2030. Germany is also planning to phase out nuclear energy generation by 2022 and is slowly transitioning away from coal as well.[15]

In 2019, wind power (both onshore and offshore) made up 24.6% of Germany's total energy mix; solar accounted for 9% market share; biomass had 8.5% of the mix; and hydropower made up 3.8% of..

Given the huge strides made by Germany in advancing the cause of green, renewable energy, coupled with India's own desire to rapidly reach its own renewable energy targets, this sector seems ripe for collaboration between the two sides. For example, during the German Chancellor's visit to India in 2019, both countries agreed to launch a "German-Indian Partnership for Green Urban Mobility". For this, Germany will provide one billion euros over the next five years to deploy 500 new electric buses and replace 2,000 old diesel buses with more energy-efficient models.

Germany runs two notable export initiatives in the clean energy space that may serve as models for India. One is the Renewable Energy Export Initiative, which helps German firms—especially small and medium-sized enterprises—to tap foreign markets and export technologies for exploiting renewable energy sources. The second is the Energy Efficiency Export Initiative, which assists German providers of energy-efficient products, systems and services in taking their business abroad—from testing products to penetrating and cultivating their target markets. The major purpose of both initiatives is to showcase German know-how and technologies world-wide, while enhancing the market potential of German producers. This 'Made in Germany' initiative finds close echo with India's 'Make in India' initiative, which is also geared towards enhancing India's export prowess in a multitude of sectors, by building India's attractiveness as an export hub for MNCs.

Another major area of potential collaboration between Germany and India relates to energy storage and grid integration. The integration of fluctuating and inconsistent renewable energies with the electricity grid necessitates innovative storage solutions and technologies and major investments in the transmission grid and the development of smart grids.

Driving the renewable energy agenda forward, CII has been working closely with the Government of India to enable policy reforms, mobilise investments, and provide a boost to manufacturing while facilitating B2B and B2G connections in this space.

Specific services offered by CII for foreign investors in the renewable energy sector include:

- **India Entry Strategy:** A phased approach starting with a deep evaluation of the market opportunity for foreign investors, followed by creating a strategic proposition for their entry to establish a winning presence in India.

15 https://www.reuters.com/article/us-germany-power-outputmix/renewable-energys-share-of-german-power-mix-rose-to-46-last-year-research-group-idUSKBN1Z21K1

- **Expansion & Growth:** Strengthening economic relations and building new connects by leveraging the synergy of regional and multilateral groupings.
- **Performance Improvement:** Companies are now moving beyond boundaries, venturing into various countries, and exploring new markets, which also brings strategic challenges. The CII approach involves systematic identification of issues, gathering relevant information to support informed decision making and suggesting implementable solutions.
- **Sustained and Proactive stakeholder engagements:** Concrete and actionable B2B and B2G engagements.
- **Industry focused research through industry committees/councils,** working groups and special Task Forces

Small and Medium Enterprises

Like in most other nations, the Small and Medium Enterprises (SME) sector in India remains the backbone of the Indian economy, nurturing entrepreneurial talent and providing employment to millions of people across the country. It generates employment for 60 million people and creates 1.3 million jobs every year. Since a sizeable portion of India's population lives in villages and Tier-1 and Tier 2 cities, the SME sector is also emerging as an equalizer, helping to usher in urbanization in these areas along with helping in generating jobs, income, growth and economic development.

Given the increasingly international orientation of Indian SMEs and with the evolving situation around Covid-19, where a large number of MNCs are looking to diversify their base of sourcing, India presents a real opportunity to set up global supply chains with access to the busiest sea freight corridors on the planet.

In addition, India has highly skilled & abundant manpower resources, along with a stable political environment with a facilitative policy framework, making the country well positioned to be an attractive investment destination for all those scouting for opportunities. Indian companies are keen to forge joint operating arrangements with established global companies in the consumer products sector to set up manufacturing operations wherein they already have an advantage.

At the same time, the sector does suffer from some systemic issues such as lack of access to credit and financing; lack of upto date technology and know-how on advanced manufacturing practices; and lack of information about standards especially the way these intersect with Free Trade Agreements or Preferential Trade Agreements.

ADVANTAGE INDIA: SMALL AND MEDIUM ENTERPRISES

- The SME sector accounts for 6.11% of India's GDP, 45% of industrial output and 40% of the total Indian exports.
- Major policy initiatives by the Indian Government have helped foster growth in the sector by 7 percent in the last decade; with growth increasing in the sector from from 12% to 15% per annum; The Government envisage s ramping up SME share in the country's GDP to 25% by 2025.
- The Indian SME sector presents a tremendous opportunity for companies looking to expand their sourcing base and those looking to diversify the spread and concentration of existing global value chains. India offers stability, a facilitative and business/ investment friendly policy environment as well as established institutions and the rule of law

While there is great inherent innovative and entrepreneurial capacity within the Indian SME sector, such bottlenecks pose challenges for such firms with respect to graduating to larger scale productive capacities. There is tremendous opportunity for learning, sharing of best practices as well as scope for investments and technology collaboration between India and Germany in this sector.

With an annual turnover of up to EUR 500 million, the 3.67 million strong small and medium-sized enterprises sector is a very significant part of the German economy.[16] There are distinctions in the way Germany and India define Small and Medium Enterprises (as well as Micro enterprises).[17] In Germany, enterprises with up to 500 employees and an annual turnover of no more than €50 million(US$ 54.15 million) are considered to be an SME, while micro enterprises in Germany typically are seen as having less than 10 employees.

In India on the other hand, the Ministry of Micro, Small and Medium Enterprises defines a manufacturing MSME in terms of the investment in plant and equipment. A micro enterprise is defined as having an investment below Rs 2.5 million (about US$ 33,040.58); a Small enterprise can have an investment more than Rs 2.5 million but less than Rs 50 million (between approx. US$ 33,040.58 and US$ 660,811); and a Medium enterprise can have an investment more than Rs 50 million but less than Rs 100 million (between approx. US$ 660,811 and US$ 1,321,623). The scale of the sector in both countries is thus very different.

The Government is in the process of redefinition of MSME in terms of investment in plant and machinery and also turnover. This will expand the size of the sector.

The continuing importance of the domestic manufacturing sector to the German economy is a truly inspiring story of success, especially given how many other advanced countries have shed manufacturing jobs, even as they move into more high-end services. This has happened in large part due to the robust Small and Medium companies in Germany, also known as the ‘Mittelstand’ which continue to excel at developing niche products and maintaining their reputation worldwide for quality, adherence to standards and precision.

According to a report by the Harvard Business Review, the Mittelstand in Germany is also responsible for ensuring more inclusive growth in the country as these companies have created 1.5 million new jobs; have grown by 10% per year on average; and also registered five times as many patents per employee as large corporations.[18] In many ways, the German economy draws its strength from this big layer of small and medium companies that are spread across the country and come from a range of sectors, and often form close networks with one another.

The German Mittelstand, many of which continue to be family owned businesses, is a strong partner for the large corporations in Germany and across the entire value chain. Many such companies are often hyper specialized and produce the kind of upstream and downstream products that allow larger German firms to create innovative products, systems and solutions that are in high demand within Germany and overseas. The fact that some 44% of German companies export their goods to overseas markets is especially remarkable.

16 https://www.kfw.de/migration/Weiterleitung-zur-Startseite/Homepage/KfW-Group/Research/PDF-Files/The-SME-sector-in-Germany.pdf

17 The European Commission defines SMEs as having less than 250 persons employed and with an annual turnover of up to EUR 50 million, or a balance sheet total of no more than EUR 43 million https://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme

18 https://hbr.org/2017/05/why-germany-still-has-so-many-middle-class-manufacturing-jobs

Clearly, there is a great desire in India to learn from the German SME experience and to explore if some of the successes can be replicated in India. The contributions of SMEs in trade engagement as well as cross border M&A is increasing and therefore promoting SME cooperation between both sides will help in achieving bilateral trade targets as well.

Following Indian participation at Hannover Messe in 2016 and the huge interest generated in the 'Make in India' initiative amongst German companies, the Embassy of India in Berlin launched the Make in India Mittelstand (MIIM) initiative to facilitate the entry of German SMEs into India. Institutions like CII can specifically host these potential investors for B2B meetings on a need-basis in India.

For access to credit and financing, there has been long standing cooperation between Small Industries Development Bank of India (SIDBI), and KfW. SIDBI is India's main bank promoting the MSME sector while KfW is Germany's leading promotional bank for SMEs. Through various credit lines dating back to the 1990s, KfW has shared its standards and experiences in promoting SME with SIDBI, thus helping address critical financing gaps. In recent years, both agencies have allocated financing to clean technology-focused start-ups and to specialized promotional programmes for energy efficiency and cleaner production investments.

In 2019, there have been discussions between the Indian government and KfW focusing on credit lines to support small businesses' solar power generation.

Start-ups

The Indian entrepreneurial and start-ups landscape has emerged as the 3rd fastest growing hub for technology start-ups in the world. The initiative, 'Start-up India', was launched in 2016 to build a strong eco-system for nurturing innovation and start-ups in the country. Under this scheme, start-ups are provided with various benefits such as certain tax exemptions, fast tracking patent examination, up to 80% rebate in the fees for patent applications and investment through Alternate Investment Funds and other schemes of the Government of India. Applicable sectors include tech-specific verticals to agritech, greentech, science and academic innovation, etc. These include ASPIRE (a Scheme for Promoting Innovation, and Rural Industry and Entrepreneurship), Atal Innovation Mission, support for International patent protection in electronics and IT, Credit Guarantee Scheme for start-ups, Biotechnology Ignition Grant, etc.

With 39,000+ start-ups across India, new entrepreneurship is building a strong ecosystem catalysing economic growth, driving sustainability, and rapidly expanding employment opportunities across various skill sets.

ADVANTAGE INDIA: START UPS

- India has the world's third largest start ups ecosystem.
- In 2018, there were around 50,000 start ups in India; there are over 270 accelerators and incubators and 19 unicorns with a combined valuation exceeding US$ 75 billion.
- Reports suggest that in 2019, India had 52 potential unicorns (start ups valued at US$ 1 Billion – making Indiahaving the world's biggest pipeline of unicorns.
- Some 160,000-170,000 people are actively employed in the start -ups sector in India.

Since 2015, foreign investors have brought in around US$ 82.1 billion into Indian start-ups through various funding channels, including foreign portfolio investments (FPIs), venture capital and alternative investment funds (AIFs). According to research firm Tracxn, the start-up community raised around

US$ 14.5 billion in funding in 2019 – a significant jump from US$ 10.6 billion in 2018. Nine Indian start-ups joined the unicorn club and four were listed in the stock exchange.

This is again a sector with some clear areas of synergy between India and Germany that need to be leveraged once the Covid-19 situation improves.

Germany is one of the most dynamic start-up hubs in Europe – with Berlin especially being cited as a major hotspot alongside London. promising sectors include transport, Industry 4.0, and energy.

There is clearly much room for cross-pollination of ideas and best practices amongst Indian and German start-ups that need to be leveraged. Some collaborative efforts are already under way – for example, the German Indian Start-up Exchange Program (GINSEP) initiated by the German Startups Association and supported by the German Federal Ministry for Economic Affairs and Energy (BMWi) to promote exchanges between India and Germany in the start-ups space and support Indian and German start-ups in their efforts to gain access to each other's markets.

Investment Climate

India | Taxation | Opening a Business
Germany | Opening a Business

BUSINESS CLIMATE IN INDIA FOR GERMAN INVESTMENTS

India has been progressively liberalizing its investment climate and opening up various sectors to Foreign Direct Investment (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[19]

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

(ii) Corporate taxation

TAXATION

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, Limited Liability Partnership (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; nonresidents 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 corporation tax in the same way as Indian 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.

Taxation of dividends – Under earlier regime, Indian companies were required to pay DDT @20.56% on dividends, leading to Effective Tax Rate (ETR) of 37.93% (on base rate of 22%). To rationalize ETR and promote foreign investments, levy of DDT on dividend payments, on or after 1 April 2020 has been abolished.

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

Long-term gains on listed shares and specified securities are exempt if the transaction is subject to securities transaction tax (STT). The exemption generally is not available if 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 (CBDT) 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.). However, with effect from 1 April 2018 (i.e. assessment year 2019-20), the exemption is restricted to INR 100,000. Any gain in excess of INR 1,00,000 is chargeable to tax at the rate of 10% (plus 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 actual cost or fair market value as on 31 January 2018, whichever is higher. Further, if the full value of the consideration on a transfer is less than the fair market value, the full value of the consideration or the actual cost, whichever is higher, 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 nonresident 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%, 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%; gains from other short-term assets are taxed at the normal tax rates. A surcharge and cess also are imposed.

An unlisted domestic company is liable to pay an additional tax of 20% 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 the letting out of “house property” may be offset against other heads (categories) of income up to INR 200,000. Unabsorbed losses from house property may be carried forward for up to eight years for offset against the income from house property of subsequent years.

Rate – The standard rate is 40% for foreign companies and branches of foreign companies not registered under the Companies Act 2013. Taking into account the surcharge and cess, the highest effective rate is 43.68% for foreign registered companies.

The rate for companies registered under the Companies Act 2013 has been changed from 30% to 25% from April 2020. For new investments by such companies in the manufacturing sector, the rate is 15%.

Surtax – A 7% surcharge applies to Indian registered companies if income exceeds INR 10 million (2% for foreign registered companies), and a 12% surcharge applies if income exceeds INR 100 million (5% for foreign registered companies). An additional 4% cess is payable in all cases.

Alternative minimum tax – Minimum Alternate Tax (MAT) is imposed at a rate of 18.5% (plus any applicable surcharge and cess) on the adjusted book profits of corporations whose tax liability is less than 18.5% of their book profits. The MAT does not apply to certain income of foreign companies, including capital gains on transactions involving securities, interest, royalties and fees for technical services. A credit is available for MAT paid against tax payable on normal income, which may be carried forward for offset against income tax payable in subsequent years for up to 15 years.

Any person other than a corporation (including an LLP) is liable to an 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 is also 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 the AMT paid against the tax payable on normal income, and the tax credit may be carried forward up to 15 years.

Foreign tax credit – 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.

Withholding tax

Dividends – Dividend is subject to withholding tax (WHT) @10% / 20% under the Indian tax law, subject to beneficial tax rate under relevant tax treaty.

Interest – Interest paid to a nonresident on a foreign currency borrowing or debt generally is subject to a 20% withholding tax, plus the applicable surcharge and cess.

A 5% withholding tax, plus the applicable surcharge and cess, applies to certain types of interest paid to a nonresident, including interest paid on specific borrowings in foreign currency and interest on investments made by a foreign institutional investor or a qualified foreign investor in a rupee-denominated bond of an Indian company, or in a government security.

If 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 furnishes the prescribed documents to the payer.

If 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), plus the applicable surcharge and cess, will apply. The rates may be reduced under a tax treaty.

Royalties – Royalties paid to a nonresident are subject to a 10% withholding tax, plus the applicable surcharge and cess. The rate may be reduced under a tax treaty.

If 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 furnishes the prescribed documents to the payer.

Technical service fees – Technical service fees paid to a nonresident are subject to a 10% withholding tax, plus the applicable surcharge and cess. The rate may be reduced under a tax treaty.

If 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 furnishes the prescribed documents to the payer.

Other taxes on corporations

Payroll tax – The employer is responsible for withholding tax on salary income.

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

Social security – 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.

Stamp duty – Specified instruments, transfers of shares in an Indian company in a physical form, transactions involving real estate and other specified transactions (including a court order for an amalgamation/demerger) in India attract stamp duties that are levied under the Indian Stamp Act and the stamp acts of the various states (with rates varying significantly between states).

Currently, if the securities are purchased or sold in dematerialized form, no stamp duty is payable; however, the Finance Act, 2019 proposes that stamp duty be levied on stock exchange transactions.

As a means of simplifying the levy and collection of stamp duty, the Indian Stamp Act was amended with respect to securities instruments. The law now provides for both the levy and collection of stamp duty through a single agency, i.e. either through a stock exchange, a clearing corporation or a depository.

Transfer tax – STT is levied on the purchase or 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.

Other – An equalization levy of 6% on the amount of consideration 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. "Specified services" include online advertising or the provision for digital advertising space, other related facilities or services or any other service that may be notified by the central government. The income subject to levy will not be taxed in the hands of the recipient.

Anti-avoidance rules

Transfer pricing – The transfer pricing regime is influenced by OECD norms, although the penalty provisions in India are stringent compared to those in certain other countries. 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 if the aggregate value of those transactions exceeds INR 200 million in one year.

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

The taxpayer is required to maintain detailed information and transfer pricing documents, 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 must be filed by the due date of filing the annual tax return, i.e. 30 November of each year.

The Indian transfer pricing documentation requirements have been updated to incorporate the specific reporting regime in respect of country-by-country reporting and the master file provided for under the OECD/G20 Base Erosion and Profit Shifting (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 will apply to transfer pricing adjustments relating to fiscal year 2016-17. 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 will be treated as an advance to the associated enterprise and will be subject to notional interest taxable in India.

If a taxpayer that benefits from a tax holiday is subject to a transfer pricing adjustment, the benefit will be denied to the extent of the adjustment. Secondary adjustment provisions have been introduced through Finance Act, 2017, requiring cash repatriation for any kind of transfer pricing 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 an advance pricing agreement (APA).

Disclosure requirements – A nonresident with a liaison office in India is required to prepare financial statements, annual activity certificates (AACs), etc. on its activities and submit this information to the Authorized Dealer Bank and the Director General of Income Tax. Branch offices/liaison offices (BO/LO) must file an AAC for the period ending 31 March on or before 30 September of the same year along with an audited balance sheet. If the annual accounts of the BO/LO are finalized with reference to a date other than 31st March, the AAC and the audited balance sheet may be submitted within six months from the due date of the balance sheet.

The 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 is considered an SBO. There are detailed rules for determining an SBO and indirect holdings must be taken into account. Every SBO is required to make timely disclosures regarding their holdings in an Indian company and any changes thereto.

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 will be subject to the Indian transfer pricing rules and income paid to persons in those jurisdictions will be subject to a minimum withholding tax of 30%.

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: (1) it creates rights or obligations that normally would not be created between persons dealing at arm's length; (2) it results, directly or indirectly, in the misuse or abuse of the Income Tax Act; (3) it lacks commercial substance or is deemed to lack commercial substance; and (4) it is carried out in a manner that would not be used for bona fide purposes. The GAAR will apply to arrangements where the tax benefit exceeds INR 30 million. Once the GAAR is invoked, tax treaty benefits may be denied for the arrangement.

Compliance for corporations:

Tax year – The tax year is the fiscal year (1 April to 31 March).

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

Filing requirements – Taxes on income in a fiscal year usually are paid in the next fiscal year ("assessment" year). Companies must submit a final return by 30 September (30 November for companies required to file a certificate on international transactions (see "Transfer pricing") of the assessment year, stating income, expenses, taxes paid and taxes due for the preceding tax year. Returns for noncorporate taxpayers that are required by law to have their accounts audited also are due on 30 September. All other taxpayers must submit a return by 31 July. Taxpayers claiming tax holidays or carrying forward tax losses must file their returns on or before the due date.

Companies must make four advance payments of their income tax liabilities during the accounting 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 of shares for public companies. All companies incorporated before December 2017 must file a form to verify that they are active.

Penalties – Penalties apply for failure to file a return and 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). APAs also are possible.

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 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 currently 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 Securities and Exchange Board of India (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 organization, management and dissolution of LLPs as well as the rights and liabilities of the LLP, 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 of India (RBI), together with the rules / circulars / press notes / guidelines issued by the Government of India, setting out the foreign investment policy (including sector-specific requirements);
- 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;
- Goods and Services Tax (GST), 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, upto a maximum of six names, indicative of the main objectives 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 Rs. 500/- has to be paid 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, 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 POLICIES IN GERMANY

a) Policies Towards Foreign Direct Investment (FDI)

Germany has an open and welcoming attitude towards FDI. As an OECD member, Germany adheres to the OECD National Treatment Instrument and the OECD Codes of Liberalization of Capital Movements and of Invisible Operations.

The Foreign Trade and Payments Act and the Foreign Trade and Payments Ordinance provide the legal basis for the Federal Ministry for Economic Affairs and Energy to review acquisitions of domestic companies by foreign buyers, to assess whether these transactions pose a risk to the public order or national security (for example, when the investment pertains to critical infrastructure).

For many decades, Germany has experienced significant inbound investment, which is widely recognized as a considerable contributor to Germany's growth and prosperity. The German government and industry actively encourage foreign investment. U.S. investment continues to account for a significant share of Germany's FDI. The investment-related challenges foreign companies face are generally the same as for domestic firms, for example, high marginal income tax rates and labor laws that complicate hiring and dismissals.

Limits on Foreign Control and Right to Private Ownership and Establishment

Under German law, a foreign-owned company registered in the Federal Republic of Germany as a GmbH (limited liability company) or an AG (joint stock company) is treated the same as a German-owned company. There are no special nationality requirements for directors or shareholders.

However, Germany prohibits the foreign provision of employee placement services, such as providing temporary office support, domestic help, or executive search services.

While Germany's Foreign Economic Law permits national security screening of inbound direct investment in individual transactions, in practice, no investments have been blocked to date.

The Government further lowered the threshold for the screening of acquisitions in critical infrastructure and sensitive sectors in 2018, to 10 percent of voting rights of a German company. The amendment also added media companies to the list of sensitive sectors to which the lower threshold applies, to prevent foreign actors from engaging in disinformation.

b) Business Facilitation

Before engaging in commercial activities, companies and business operators must register in public directories, the two most significant of which are the commercial register (Handelsregister) and the trade office register (Gewerberegister).

Applications for registration at the commercial register, which is publicly available under www.handelsregister.de, are electronically filed in publicly certified form through a notary. The commercial register provides information about all relevant relationships between merchants and commercial companies, including names of partners and managing directors, capital stock, liability limitations, and insolvency proceedings. Registration costs vary depending on the size of the company.

Germany Trade and Invest (GTAI), the country's economic development agency, can assist in the registration processes and advise investors, including micro-, small-, and medium-sized enterprises (MSMEs), on how to obtain incentives.

In the EU, MSMEs are defined as follows:

- Micro-enterprises: Less than 10 employees and less than €2 million annual turnover or less than €2 million in balance sheet total.
- Small-sized enterprises: Less than 50 employees and less than €10 million annual turnover or less than €10 million in balance sheet total.
- Medium-sized enterprises: Less than 250 employees and less than €50 million annual turnover or less than €43 million in balance sheet total.

c) Laws and Regulations on Foreign Direct Investment

The Federal Ministry for Economic Affairs and Energy may review acquisitions of domestic companies by foreign buyers, in cases where investors seek to acquire at least 25 percent of the voting rights to assess whether these transactions pose a risk to the public order or national security of the Federal Republic of Germany. In the case of acquisitions of critical infrastructure and companies in sensitive sectors, the threshold for triggering an investment review by the government is 10 percent. The Foreign Trade and Payments Act and the Foreign Trade and Payments Ordinance provide the legal basis for screening investments. To our knowledge, the Federal Ministry for Economic Affairs and Energy had not prohibited any acquisitions as of April 2019. There is no requirement for investors to obtain approval for any acquisition, but they must notify the Federal Ministry for Economic Affairs and Energy if the target company operates critical infrastructure. In that case, or if the company provides services related to critical infrastructure, or is a media company, the threshold for initiating an investment review is the acquisition of at least 10 percent of voting rights. The Federal Ministry for Economic Affairs and Energy may launch a review within three months, after obtaining knowledge of the acquisition; the review must be concluded within four months after receipt of the full set of relevant documents. An investor may also request a binding certificate of non-objection from the Federal Ministry for Economic Affairs and Energy, in advance of the planned acquisition to obtain legal certainty at an early stage. If the Federal Ministry for Economic Affairs and Energy does not open an in-depth review within two months from the receipt of the request, the certificate shall be deemed as granted.

Special rules apply for the acquisition of companies that operate in sensitive security areas, including defense and IT security. In contrast to the cross-sectoral rules, the sensitive acquisitions must be notified in written form, including basic information of the planned acquisition, the buyer, the domestic company that is subject of the acquisition and the respective fields of business. The Federal Ministry for Economic Affairs and Energy may open a formal review procedure within three months after receiving notification, or the acquisition shall be deemed as approved. If a review procedure is opened, the buyer is required to submit further documents. The acquisition may be restricted or prohibited within three months after the full set of documents have been submitted.

The German government amended domestic investment screening provisions, effective June 2017, clarifying the scope for review and giving the government more time to conduct reviews, in reaction to an increasing number of acquisitions of German companies by foreign investors, particularly from China. The amended provisions provide a clearer definition of sectors in which foreign investment can pose a "threat to public order and security," including operators of critical infrastructure, developers of software to run critical infrastructure, telecommunications operators or companies involved in telecom surveillance, cloud computing network operators and service providers, and telematics companies. All non-EU entities are now required to notify the Federal Ministry for Economic Affairs and Energy, in writing of any acquisition of or significant investment in a German company active in the above sectors. The new rules also extend the time to assess a cross-sector foreign investment from two to four months, and for investments in sensitive sectors, from one to three months, and introduce the possibility of retroactively initiating assessments for a period of five years after the conclusion of an acquisition. Indirect acquisitions such as those through a Germany or EU-based affiliate company are now also explicitly subject to the new rules.

In 2018, the government further lowered the threshold for the screening of investments, allowing authorities to screen acquisitions by foreign entities of at least 10 percent of voting rights of German companies that operate critical infrastructure (down from 25 percent), as well as companies providing services related to critical infrastructure. The amendment also added media companies to the list of sensitive businesses to which the lower threshold applies, to prevent foreign actors to engage in disinformation.

Company Incorporation in Germany

Companies can be incorporated and registered in Germany through the following processes and regulations:

i. Legal entities for doing business

There are several types of legal entities that can be incorporated to conduct business in Germany,[20] as follows:

a. Corporation

b. Partnership

c. Branch office

a. Corporation: Foreign companies can set up a corporation in Germany in any of the following forms:

- o Limited Liability Company (GmbH): This is the most common form of corporation in Germany, owing to the fact that the liability of the members is limited to the amount of capital invested. This form of corporation can be incorporated by an individual or by another company. A GmbH is managed and legally represented by its managing directors. There must be at least one managing director, who need not to be a shareholder or a German resident.
- o Limited Liability Entrepreneurial Company (Mini GmbH): This is a variant of the GmbH and, thus, has the same duties and rights as that of GmbH. It differs from GmbH on the grounds of capital requirements; a mini-GmbH is a limited liability company that can be formed with a share capital of less than €25,000.
- o Stock Corporation (AG): Due to huge capital requirements and a varying range of legal obligations, this form of corporation is suitable for large businesses. It can raise capital by getting listed on a stock exchange. AG comes into existence on registration in the commercial register (Handelsregister), in addition to registration with the local trade office (Gewerbe-oder Ordnungsamt).
- o Partnership Limited by Shares (KgaA): It combines the structures of a stock corporation (AG) and a limited partnership (Kommanditgesellschaft). Thus, KgaA can be described as a stock corporation having individually liable shareholders instead of a management board. The KgaA can have unlimited number of capital investors (i.e. limited shareholders), whose liability is limited to the amount of capital subscribed by them. However, at least one partner of the KgaA (i.e. general partner) has to be liable for debts and liabilities of the KgaA without any limitation.

20 Establishing a business entity in Germany by ILN Corporate Group

Table 13: Difference between Different Types of Corporations in Germany

PARAMETERS	GmbH	Mini-GmbH	AG	KgaA
Minimum number of partners	One	One	One	Two; general partner and limited shareholder
Minimum share capital	€25,000	€1,000	€50,000	€50,000
Legal liability	Limited to share capital	Limited to share capital	Limited to share capital	General partner: unlimited liability; limited shareholder: limited share liability
Establishment formalities	Moderate	Moderately low	Moderately high	Moderately high
Formation cost	€13,340	€11,690	€11,320	–
Formation time	5 weeks	–	4 weeks	–

Source: Germany Trade and Investment (GTAI)

b. **Partnership:** In Germany, a partnership can be formed in one of the following major forms:

- o Civil Law Partnership (GbR): It is defined as an association of individuals or enterprises united for the achievement of joint contractual purposes. It is suitable for start-ups launching a business in cooperation with others.
- o General Commercial Partnership (oHG): As soon as the GbR exceeds certain thresholds of annual turnover, capital resources and total number of employees, or uses commercial accounting, it is regarded as a general commercial partnership (oHG). The oHG is suitable for small and medium-sized enterprises (SMEs).
- o Limited Partnership (KG): The legal form of Limited Partnership (KG) is similar to oHG with the only difference being the limited liability of all the partners except (at least) one. KG is suitable for medium-sized enterprises (SMEs) seeking additional start-up capital but wishing to limit individual responsibility. KG is more flexible as compared to other forms of partnership since the capital base can be increased by including additional limited partners.
- o GmbH & Co. KG: It is a form of limited partnership (KG) in which the limited liability company (GmbH) is a general partner. Thus, GmbH is fully liable for the GmbH & Co. KG's debts and liabilities whereas the liability of the limited partner is limited to their respective share of partnership capital. This form is suitable for medium-sized businesses and family companies.

c. **Branch office:** A foreign investor with a head office and registered business operations outside Germany can open a branch office in Germany. A branch office has no separate legal personality distinct from the head office. Thus, any obligations or debts incurred by the branch office are also legal responsibilities of the foreign company.

Table 14: Steps for Company Registration in Germany

STEP 1: Choose appropriate form of company	Depending upon the share capital requirements and business purpose, choose the most suitable form of company.
STEP 2: Choose a company name	Choose a unique name for the company so that it does not infringe on already-registered names. The names of existing companies can be checked from the commercial register (Handelsregister); the relevant link for the same is https://www.handelsregister.de/rp_web/welcome.do?language=en.
STEP 3: Determine the objective of the company	The objective of the company (Unternehmensgegenstand) is a mandatory content of the company's Articles of Association; it describes the area and type of activity of a company.
STEP 4: Execute company deed	A deed is formed and registered with the notary. The relevant link for the same is https://notar.de/. The relevant documents required for it are: • Articles of Association • Shareholder's list • Founding documents needed to open a bank account
STEP 5: Deposit the capital	The minimum share capital requirement depends upon the form of entity to be registered; the share capital is to be deposited into a corporate bank account.
STEP 6: Register and obtain license	It involves entry in the commercial register (Handelsregister) and trade office registration (Ordnungsamt). Thereafter, the business is registered with the relevant tax authorities. Subsequently, specific licenses required for the business operations are to be obtained.

Source: https://www.companyformationgermany.com/

CII and Germany

CII's association with Germany goes back to 1995 when CII opened its country office in Cologne within the BDI Federation of German Industries.

While CII continued its association and activities with Germany, the re-opening of the CII Germany office in Frankfurt in January 2016 led to several new initiatives and expanding the network of partners, which now includes the major industry bodies in Germany such as the Federation of German Industries (BDI), German Asia-Pacific Business Association (Ostasiatischer Verein eV), Federal Economic Council of German (Wirtschaftsrat e.V.), think tanks such as The Diplomatic Council, Government bodies such as Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, and state bodies such as the State Development Corporation of Thuringia and the Baden-Wurttemberg Agency for International Economic & Scientific Cooperation (BWI).

CII also works closely with the Embassy of India in Berlin and the Embassy of the Federal Republic of Germany in New Delhi.

CII's deep engagement with Germany has encompassed several sectors of the economy, be it defence; automotive; energy; infrastructure including transport, Smart Cities mission, and railways; agriculture and food processing; science and technology; skills; media and entertainment; as well as several stakeholder groups, such as ministers and officials, Members of Parliament, and business leaders.

Furthermore, the CII Germany Office maintains dialogue with scientific and research institutions, universities, academia, skill development bodies and institutions of excellence in quality management and manufacturing.

CII has also been regularly participating in Trade Fairs in Germany and coordinated the Indian Industry participation at the Hannover Trade Fair 2015 exhibition, apart from organising the Indo-German Business Summit, sectoral and state seminars, as part of India's Partner Country participation. The Fair was inaugurated by Shri Narendra Modi, Hon'ble Prime Minister of India and Ms Angela Merkel, Chancellor of Germany in April 2015.

Apart from organising sectoral delegations, skills and learning missions both ways, as well as meetings, interactive sessions, seminars and trade fairs in India as well as Germany, CII is now focusing on newer areas of partnership and cooperation.

CII is working on a project on facilitating mutual soft landing for Start-ups, where startups in various sectors from Germany will be hosted by CII at its Partners Incubator, for them to work on maturing their products/services to suit the Indian market. CII will facilitate the connect of these start-ups with Indian industry and investors. Similarly, Indian startups in various sectors will be hosted by Germany to incubate them at their incubators to mature their products and services to suits those markets. This mutual soft-landing of startups will help cross learning among Indian and German startups and to access global markets.

CII is also in the process of working on an Industry 4.0 platform between Germany and India as a partnership between the CII Smart Manufacturing Platform and the German Platform Industrie 4.0. The partnership will encompass developing the technology roadmap and providing technical support for all the activities being initiated for the successful implementation of the programmes / projects on the subject. The platform has been envisaged as an enabling framework that will bring stakeholders together, help the Indian industry attain its potential and enhance its preparedness for the future of manufacturing.

Taking forward the announcement at the India-Germany Inter-Governmental Consultations in Delhi on 1 November 2019, CII has together with BDI Federation of German Industries set up a Digital Experts Group, comprising representatives of research institutions and private enterprises to identify areas for mutual cooperation in the area of digitalization, develop concrete solution-based proposals and give recommendations for future policy initiatives to be jointly considered by both sides.

During the Indo-German Inter Governmental Consultations on 1st November 2019, chaired by Prime Minister Modi and Chancellor Merkel, joint responsibility to mitigating climate change through enhanced promotion of renewable energy was acknowledged. In this regard, due to its adverse impact on the environment, the challenge of effective crop residue management is an important topic, which can be addressed through joint cooperation.

GAA German Agribusiness Alliance of BDI jointly with CII will set up an Indo-German Task Force Group comprising representatives of private enterprises, to identify areas for mutual cooperation in the area of renewable energies and Agrobusiness to develop concrete solution-based proposals and give recommendations for future policy initiatives to be jointly considered by both sides.

CII Germany Office along with other partners have been conducting the study “Indian Investments in Germany”. For the study, interviews were conducted with CEOs and managers responsible for strategic expansion of 32 Indian companies that either are already operating in Germany or plan to be there in the future. The aim is to obtain C-level perceptions of Germany’s potential and its attractiveness for investment, as well as expected barriers. In-depth workshops were conducted with key figures from Indian and German government bodies, academia, financial institutions, companies and industry associations. This helped to create a competent and diverse sounding board to interpret the primary data and market facts.

CII’s strength is the network and the bridge of business opportunities that it provides between Germany and India via its extensive presence across India. CII has been working to showcase business and investment opportunities across India to German companies through sessions and conferences in Germany and facilitating delegations of German businesses to India. CII has also been assisting delegations of Indian States seeking to showcase investment opportunities and attract FDI.

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 export potential
   iii. Exports' CAGR of top RCA products
   iv. Analysis of top importers and imports' CAGR of top RCA products
   v. Analysis of Balance of Trade (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 shortlisted 6-digit product
   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 options available for undertaking business in identified countries

    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 liaising, 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.

महाराष्ट्र शासन

MAGNETIC MAHARASHTRA 2.0
#MadeForBusiness

MIDC

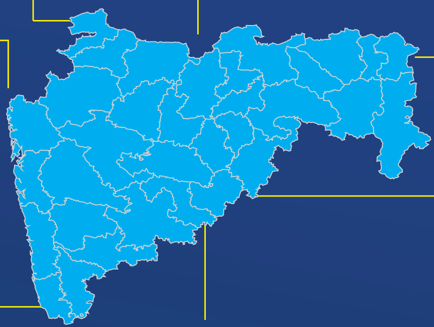
India - Germany Business Co-operation

Advantage Maharashtra: India's Leading Industrialised State

#1 FDI destination in India
- Vision to become India's first Trillion dollar sub- national entity
- Strategically located & contributes to ~15% to India's GDP, on average
- Accounts for more than 30% of the cumulative FDI in India
- 22% of Total Exports
- Priority land allotment for FDI Investors

Infrastructure & Connectivity
- 30+ Mega Projects under development
- 10% of India's Geographical Area-308k sq.kms
- Robust connectivity: Ports, Railways, Airports and Roads
- 24X7 Power
- Sectoral Industrial Parks & Zones

Progressive Policy & robust incentives
- Progressive Industrial Policy launched in April 2019
- 14 Thrust Sectors
- Separate Policy for Electric Vehicle and Aerospace & Defence
- Only state in India to offer SGST rebate on Gross Basis
- Maharashtra is the only state in India which has disbursed more than USD 600 million + in lieu of various incentives during the year 2018-19



Ease of Doing Business
- Maha Parwana (Accelerated Permission) within 48 hours
- Online Single Window System for applications
- Progressive reforms across land, labor, electricity, environment etc.
- Stable and supportive political environment

Operational Support
- MIDC is the Nodal Agency for end to end investor support
- MIDC is Special Planning authority to grant permissions for industries above 10 acres across Maharashtra

Favourable Demographics
- Maha Jobs, an industrial employment portal
- One of the largest talent pools in India which enrolls more than 1.6 Mn students a year
- 45 Million people to be trained with employable skills by 2022
- Large Consumer Base with 45.2 per cent Urban Population

Investor Aftercare
- Investor First Programme, facilitating entire investment journey
- Dedicated investors facilitation and aftercare cell called MAITRI (Maharashtra Industry, Trade and Investment Facilitation Cell)

Magnetic Maharashtra 2.0: The Strategy

01 PLUG AND PLAY INFRASTRUCTURE
- Ready-to-Move Factory spaces with advanced utilities, affordable pricing structures to be made available with sectoral tailoring
- Infrastructure to include affordable rental sheds, comprehensive utilities, expat housing, modular spaces in a 100 per cent compliant ecosystem
- It will act as Industrial clusters in the future, hosting a diverse base of entrepreneurs, local suppliers and anchor units.
- 40,000 acres of land in key industrial areas have been made available for greenfield and brownfield investments

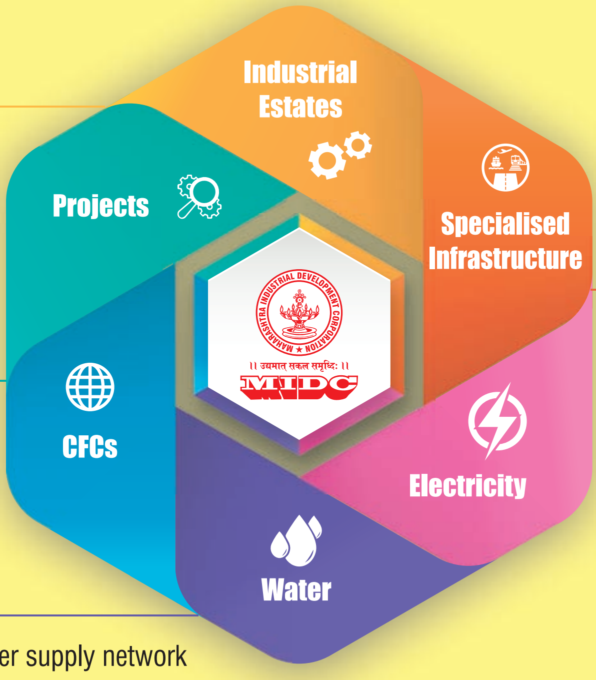
02 MAHA PARWANA (Accelerated Permissions)
- Addressing the most pressing concern for an FDI Investor in South East Asia, this intervention brings an end to the license and permission hassles of investing in the state
- A single window clearance system, providing companies with all the necessary permission within 48 hours
- The master permission will guarantee that all statutory permissions required to start operations will be granted within a prescribed schedule (from three to 30 days), or else it will be considered a deemed approval.

03 MAHA JOBS
- Dedicated industrial employment portal, launched in July 2020, aims to help new and potential investors employ the vast and skill rich local talent in Maharashtra
- Maha Jobs will help industries meet the talent shortfall that they have been facing in the recent months with ready access to unskilled, semi-skilled and skilled talent
- In parallel, it will allow youth of the state to list his/her talent on the portal across 17 sectors and 950+ job roles
- This matchmaking of talent will help the state achieve an optimal mix of utilization and boost manufacturing productivity

04 INVESTOR FIRST PROGRAMME
- In lieu of proposed investments, and the state's intent to reiterate its support to each of the investor, for closer handholding and keeping in mind it's role, as a Nodal Agency for Industries in the state.
- Relationship Manager (RM) and Relationship Executive (RE) have been assigned to all the companies investing above INR 50 crore.
- RMs & REs will be responsible for overall co-ordination and providing necessary support to the Investors on a continuous basis.

MIDC: Accelerating Maharashtra's Industrial Progress

Maharashtra Industrial Development Corporation (MIDC) is the nodal Investment Promotion agency under the Government of Maharashtra. It provides businesses with infrastructure such as land, roads, water supply, drainage facilities and street lights etc.



Industrial Estates
- 289 Industrial complexes
- ~ 2.5 Lakh Acres of land

Projects
- Delhi Mumbai Industrial Corridor (DMIC)
- SUPA – Japanese Investment Zone

CFCs
- 13 Chemical Zones
- 19 CETPs[1]
- 2 STPs[2]
- 4 CHWTSDF[3]

Water
- Asia's largest water supply network

Specialised Infrastructure
- Wine Parks
- ESDM
- Datacentre
- Food Parks
- Textile parks
- 27 IT Parks, 9 SEZs

Electricity
- Dedicated feeders for industries

1) Common Effluent Treatment Plants 2) Sewage Treatment Plants 3) Common Hazardous Waste Treatment, Storage & Disposal Facility

Key Activities
- Special Planning Authority
- Acquisition and Disposal of Land
- Strong network of 16 Regional Offices
- Providing Infrastructure support
- Link between Govt. and Industry
- One-stop for Investors Relations

Germany : Maharashtra's Growth Partner

Top Investment Destination Choice

- Maharashtra has traditionally been one of the top investment destinations for German companies in India

Key Areas of Investments

- German investments in key sectors include: Automobiles, Chemicals, Drugs & Pharmaceuticals, Electrical Equipment, Engineering, Metallurgical industries, Services sector, Trading and Transportation

Key Engagements of Government of Maharashtra with Germany

- Hannover Messe 2019
- Strategic Roundtable Discussion with German companies on a quarterly basis
- Interactive sessions with German Mission in India
- Longstanding relationship with Indo-German Chamber of Commerce

Major Germany based companies in Maharashtra

Mercedes-Benz · Volkswagen · SIEMENS Ingenuity for life · BASF We create chemistry · Henkel · ThyssenKrupp · MERCK

Investment Climate in Select Indian States

Chhattisgarh | Andhra Pradesh | Karnataka
Maharashtra | West Bengal

CHHATTISGARH

Overview

The state of Chhattisgarh, located in the central part of India, is one of the most mineral rich states of India. With around 28 different varieties of minerals, including diamonds, the state is ranked 4th in terms of value of mineral production[21]. During 2018-19, total mineral production in the state was estimated at around US$ 1.37 billion.

During 2011-12, the state recorded a gross state domestic product (GSDP) of around Rs 1,508.74 billion in terms of 2011-12 constant prices. The GSDP stood at around Rs 2,318.20 billion during 2018-19. The GSDP grew at a Compound Annual Growth Rate (CAGR) of 4.9% between 2011-12 and 2018-19.

The state recorded total installed power generation capacity of 13, 909.50 MW as of November 2019. During the same year the state produced merchandise exports worth US$ 1,243.43 million.

The state has made significant investments in industrial infrastructure, with the Chhattisgarh State Industrial Development Corporation (CSIDC) setting up industrial growth centres, five industrial parks and three integrated infrastructure development centres (IIDC). The state also has a notified Special Economic Zone (SEZ) along with two formally approved SEZs as of 2019.

These factors along with the states' abundant natural resources, favourable policies and incentives, and a robust infrastructure makes Chhattisgarh an attractive investment destination for domestic, and overseas investors.

The states' new industrial policy 2019-24 was announced during November 2019. The policy includes several incentives for encouraging industrial development as well as greater investments in the state. Some of the key features of the policy, such as block level development of industries across sectors, promotion of industrial parks, encouraging village level entrepreneurship, and MSME development program, among others, are expected to invite greater investments into the state.

State Incentives

Area	Incentives
Fiscal Incentives	• Interest Subsidy for micro, small, medium and large industries (See Table 15, Annex). • Fixed capital Investment Subsidy. • 55% of the fixed capital investment, maximum limit of INR 2.4 million for micro industries. • Net State GST Reimbursement. • Reimbursement of maximum 65% of Net State Goods and Services Tax (Net SGST) paid, for a period of maximum 15 years with maximum limit up to 100% of fixed capital investment for small, medium and large industries, for a maximum period of 15 years. • Electric Duty Exemption (See Table 16, annex). • Stamp Duty Exemption. • 100% exemption for MSME, Large, Mega/Ultra-Mega including core industry. • Other subsidies (See Table 17, Annex).
Non-Fiscal Incentives	• Authority for land diversion at the District level will be given to the concerned Sub Divisional Officer (Revenue). • Agricultural land to be purchased for establishment of Industrial Project/ Industries shall be given 5 years exemption under "Agriculture Land Ceiling Act". • Time limit for renewal of consent to operate will increase by 5 years for red, 10 years for orange and 15 years for green category industry. • Single window mechanism. • Electrical license will be renewed in 5 years. • Issue of storage license for 10 years under the Chhattisgarh Mining Rules (Mining, transportation & storage). • Reduction in the prevailing land transfer fees on the lands allotted by Industries Department/ CSIDC. • Additional incentives will be provided to industries set up in the districts for processing major fruits, flowers, vegetables and medicinal plants produces in districts. • Prevailing policy for revival of closed and sick industries will be reviewed and rationalised. • For Service sector industries, production certificate will be issued by District Trade & Industries Centre (DTIC). • Construction of buildings/ shed in 10,000 sq. ft for micro & small Enterprises. • E-MaNe-C portal for marketing of products.

Reference Document: Chhattisgarh Industrial Policy, 2019-24

Annex

Table 15: Interest Subsidy

Interest Subsidy		
Interest Category	**Percentage and yearly maximum limit of subsidy**	**Eligible Incentive Period**
Micro & Small Industry	Up to 70% of the total interest paid, maximum limit of INR 4.5 million per year	Maximum 11 Years
Medium & Large Industry	Up to 70% of the total interest paid, maximum limit of INR 5.5 million per year	Maximum 11 Years

Table 16: Electricity Duty Exemption

Electricity Duty Exemption (Except Core Industries)	
Interest Category	**Percentage of Fixed Capital Investment (FCI) and maximum limit of subsidy**
MSME, Large, Mega/ Ultra-Mega Except Core Industry	Full exemption up to 10 years from the date of commercial production
Electricity Duty Exemption for Core Industries	
Medium, Large, Mega/ Ultra-Mega for Core Industry	Up to 100 % exemption for maximum period of 10 years from the date of commercial production

Table 17: Other Subsidies

Subsidies	Industry Category	Limit of subsidy
Mandi Tax Exemption	MSME & Large Industry	Max up to INR 20 million per year for maximum period of 5 years with max limit of 75% of FCI
Project Report Subsidy	MSME Industry	1% of FCI with limit up to INR 0.25 million
Diversion in Land Use	Micro and Small Industry	50% exemption with limit of 5 acres
Quality Certification Subsidy	MSME Industry	50% of the amount spent, max INR 0.5 million
Technical Patent Subsidy	MSME Industry	50% of the amount spent, max INR 1 million
Technology Purchase Subsidy	MSME, Large, Mega and Ultra- Mega Industry	50% Reimbursement, max INR 1 million on purchase from National Research Development Corporation (NRDC) or other Govt. Research Centers
Disabled Person Employment subsidy	MSME, Large, Mega and Ultra Mega Industry	Reimbursement of 40% of their net salary/ remuneration as subsidy amount for 5 years up to Rs. 0.5 million
Environment Management Project Subsidy	MSME Industry	50% of cost of machinery, subject to maximum of Rs. 2.5 million

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[22].

During 2011-12, Karnataka recorded a gross state domestic product (GSDP) of INR 6,060.48 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 during 2018-19. The states' GSDP accounted for about 9.32% of all states' total[23].

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[24].

Also, a leading exporter, merchandise exports from the state stood at around US$ 17.36 billion in 2018-19[25].

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.

Area	Incentives
Incentives	**Incentives and concessions to MSMEs** o Investment Promotion Subsidy as % on Value of Fixed Assets (See Table 18, Annex). o Exemption from stamp duty and reimbursement of land conversion fee (See Table 19, Annex). o Other Incentives ✓ Exemption from entry tax (100% exemption on entry of Plant & 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. Quality Certification (See Table 20, 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 21, 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: 100% o 100% Concessional Registration Charges ✓ Concessional rate of Rs. 1.00 per 1,000 rupees 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 **Proposed to notify Special investment region** o Dharwad, Gadag, Haveri and Belgaum Districts. o Development of areas as industrial nodes.

Area	Incentives
	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% Export Oriented Unit (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 exporters who have turnover less than Rs 50 million p.a. o Brand Promotion and Quality Assurance (50% expenses reimbursed): For exporters having turnover less than Rs. 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 Rs. 20 million). o Support for creation of Export facilitation facilities, R&D and testing services: Rs. 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 Rs. 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 18: Investment Promotion Subsidy (% on Value of Fixed Assets)

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

Table 19: 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 20: Technology up-gradation, Quality Certification

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

Table 21: Classification of Taluks 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

MAHARASHTRA

Overview

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

The gross state domestic product (GSDP) of the state (at 2011-12 constant prices) grew from Rs 12,803.69 billion during 2011-12 to reach Rs. 19,427.69 billion during 2017-18. The GSDP grew at a compound annual growth rate (CAGR) of 6.14% during the 7-year period between 2011-12 and 2017-18[26].

The most industrialised state of India, Maharashtra is also the largest producer of sugarcane in India and a leading producer of cotton in the country. Having witnessed rapid growth in technological advancements, Maharashtra has attracted several innovative enterprises in the country. It is also the automobile manufacturing hub of the country and a leader in agro-based and food processing industries.

Maharashtra is one of the largest exporting states in the country, registering exports worth around US$ 4 billion during 2018-19[27]. The state also boasts of the largest number of special economic zones in the country[28].

The state is also home to a large base of small-scale industries and is endowed with abundant skilled and industrial labour. The state capital, Mumbai is the commercial capital of India and over the years have emerged into a global financial hub.

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

As per Department for Promotion of Industry and Internal trade (DPIIT) estimates, Maharashtra attracted cumulative FDI inflows to the tune of US$ 128.85 billion between April 2000 and June 2019.

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

State Incentives

Area	Incentives
Ease of Doing Business	• **Facilitating Maharashtra Industry, Trade & Investment Cell (MAITRI)** – MAITRI to facilitate clearances/permissions/licenses to numerous enterprises. – All information on states' resources, industrial infrastructure, procedure for setting up units, grievance redressal, and rules / regulations / orders etc. will be available on MAITRI portal. – Timely approvals and services to investors. – MAITRI facilitation and handholding setup shall be operationalized at regional levels, cost of which will be borne by concerned department for complaints received at MAITRI level. – Special assistance cell for promotion of scheduled castes and tribes and women entrepreneurs.

Area	Incentives
	• **Regulatory simplification** – Procedural simplification in obtaining environmental clearances. – Procedures for building plan approvals for industries shall be rationalized across the state. – Maharashtra Industrial Development Corporation (MIDC) shall act as the interface for local authority taxation purposes in MIDC industrial areas.
Fiscal Incentives to MSMEs	Micro, Small and Medium Enterprises (MSMEs) shall include units as per the definition of Government of India-Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, as well as the small industries with FCI of up to INR 500 million. • A basket of incentives, their aggregate amount not exceeding a specified ceiling will be offered to eligible MSME units (See Table 22, Annex). • Eligible units in Agro & Food Processing (secondary and tertiary processing units and Farmer Producer Companies for manufacturing/processing activity only), Green energy/ biofuel and Industry 4.0 shall be given additional support. • The power tariff subsidy, for eligible new units located (other than A areas) in Vidarbha, Marathwada, North Maharashtra, and districts of Raigad, Ratnagiri and Sindhudurg in Konkan will be to the extent of INR 1/- per unit consumed and in other areas (except A areas), to the tune of INR 0.5/- per unit consumed for 3 years from the date of commencement of commercial production. • In areas other than A, interest subsidy @ 5 per cent p.a., maximum up to the value of electricity consumed and bills paid for that year, will be admissible. • Stamp duty exemption (SDE) – 100% SDE for MSMEs within investment period for acquiring land (including assignment of lease rights and sale certificate) and for term loan purposes. However, in A and B areas SDE will be offered only to IT and BT manufacturing units in IT and BT parks. – Eligible Units under Package Scheme of Incentives (PSI) 2013 Scheme will also be eligible for SDE for their investment period. • Exemption from electricity duty payment – for eligible new units in C, D, D+, No industries Districts and Naxalism Affected Area. – 100% electricity duty exemption for export-oriented units and IT/BT units for 7 years in A and B areas. • All Central and State government schemes relevant to MSMEs shall be dovetailed in this policy. • Marketing Assistance scheme for MSMEs to support marketing activities, to improve competitiveness at both national and international level. • For strengthening MSMEs, standalone incentives (not linked with PSI) shall be admissible to promote quality competitiveness, Zero Defect Zero Effect (ZED scheme), research & development, technology up-gradation, water & energy conservation, cleaner production measures and credit rating. • Eligible MSMEs & small industries as defined above shall be offered Investment Promotion Subsidy (IPS) on gross SGST paid by the unit on the first sale of eligible products billed and delivered to the same entity within Maharashtra.

Area	Incentives
Attracting Large, Mega and Ultra-Mega Investments	• **Large scale industries (LSI)** – LSIs shall be offered incentives that are graded in a way so as to assist dispersal of investment to industrially under-developed areas. A basket of incentives, their aggregate amount not exceeding the specified ceiling will be offered to eligible LSI units (See Table 23, Annex). – LSI units in thrust areas to get additional benefits. – Eligible LSI units to get Investment Promotion Subsidy (IPS) on gross SGST paid by them on the first sale of eligible products billed and delivered to the same entity within Maharashtra on a first-come-first serve basis. – 100% SDE to eligible units within investment period for acquiring land (including assignment of lease rights and sale certificate) and for term loan purposes. However, in A and B areas, SDE will be offered only to IT and BT units in IT and BT Parks; Eligible Units under PSI 2013 Scheme will also be eligible for SDE for their investment period. – Exemption from electricity duty payment for eligible new units in C, D, D+, No industries Districts and Naxalism Affected Area; 100% electricity duty exemption for large scale export-oriented units and IT/BT units for 7 years in A and B areas. – Units applying for incentives in the first year of policy period will be given full basket of eligible incentives for respective category and location of the unit. If the unit applies in subsequent years of the policy period, the basket of incentives will be reduced by 5% for each year of delay in application. This provision will not be applicable to industries in thrust sectors. – Additional support to LSI units in Agro & Food Processing (secondary and tertiary processing units and Farmer Producer Companies for manufacturing/ processing activity only), Green energy/ biofuel and Industry 4.0. – Incentives to the LSI shall be given to promote quality competitiveness, research & development, technology up-gradation, water & energy conservation, cleaner production measures and credit rating. • **Mega and Ultra Mega Projects** Industrial units satisfying the minimum threshold limits of Fixed capital investment or Direct Employment prescribed (See Table 24, Annex) shall be classified as Megaprojects/ Ultra Mega Projects. • Government may consider providing customized package of incentives on case-to-case basis as deemed necessary for projects of special importance (may or may not be mega/ultra-mega projects), to be recommended by the High Power Committee (HPC) under the chairmanship of Chief Secretary and to be approved by the cabinet sub-committee. • Apart from Industries Departments Package Scheme of Incentives, Micro, Small, Medium, Large, Mega and Ultra-Mega Units are given incentives / concessions by other administrative departments of State Government (e.g. Spinning Mills). The financial refunds / incentives to an industrial unit from all sources put together shall be admissible within the limit of 100% of fixed capital investment.

<table>
<tr><th>Area</th><th>Incentives</th></tr>
<tr><td>Special Initiatives</td><td>• Industries in the underdeveloped districts
– Additional fiscal incentives and period for availing these incentives, will be offered under PSI 2019 to MSMEs, large and mega projects to attract investments and generate employment in the following districts.
a) Vidarbha, Marathwada, Ratnagiri, Sindhudurg and Dhule;
b) No industry districts;
c) Naxalism affected areas
d) Aspirational districts
– Threshold limit for creation of employment will be less than other areas for large and mega projects.
• Industries in Agro and Food processing, green energy/biofuel and industry 4.0
– eligible units (secondary and tertiary processing units and Farmer Producer Companies for manufacturing/processing activity only) to be granted 20% additional fiscal assistance.
– two-year additional eligibility period.</td></tr>
<tr><td>Land</td><td>• Through MIDC the state ensures availability of land (both developed and underdeveloped) to investors.
• MIDC also creates land banks for industries and provides special fiscal incentives packages to projects of importance including emerging technologies.
– Although large land bank are available in the state, considering the future industrial land requirement to facilitate INR 10 trillion of investment, MIDC shall create land banks across the state based on demand assessment.
– The land earmarked for public health amenities in MIDC industrial estates shall be developed by concerned departments. Specially ESIC (Employees State Insurance Corporation) hospital facilities will be provided by concerned department as per needs and demand from industrial associations.
– For sectors with same additional floor space index (FSI) (IT & ITeS, Biotechnology, Garmenting, Gems and Jewelery and Logistics & Warehousing) under the related policies of the State Government, interchangeability of land use shall be allowed with the approval of State Government.
– Land owned by State Government or State Government Organization if required by MIDC for planned development will be made available at no cost.</td></tr>
<tr><td>Power</td><td>• MIDC ensures 4x7 power supply to its industries.
• Under green industrial assistance for eligible units, Solar captive power plant will be considered as a part of admissible fixed capital investment for the purpose of incentives. A captive solar power plant will be defined as one wherein at least 80% of power generated is utilized by the unit annually.</td></tr>
</table>

Reference – Maharashtra Industrial Policy 2019

Annex

Table 22: Eligibility Criteria to MSMEs

Taluka/Area Classification	Maximum Admissible Fixed Capital Investment (INR billion)	Ceiling as % of FCI	Eligibility Period (Years)
A	For the purpose of this policy, MSME shall include units as per the MSMED Act, 2006, as well as the units with FCI of up to Rs. 500 million	-	-
B		30%	7
C		40%	7
D		50%	10
D+		60%	10
Vidarbha, Marathwada, Ratnagiri, Sindhudurg & Dhule		80%	10
No Industry Districts, Naxalism Affected Areas* and Aspirational Districts**		100%	10

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

** Aspirational Districts are Osmanabad, Gadchiroli, Washim and Nandurbar.

Table 23: Eligibility Criteria to LSI

Taluka/Area Classification	Maximum Admissible Fixed Capital Investment (INR billion)	Minimum Direct Employment (number of people)
A & B	7.5	1,000
C	5	750
D	2.5	500
D+	1.5	400
Vidarbha, Marathwada, Ratnagiri, Sindhudurg & Dhule	1	300
No Industry Districts, Naxalism Affected Areas* and Aspirational Districts**	1	250

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

** Aspirational Districts are Osmanabad, Gadchiroli, Washim and Nandurbar.

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

Table 24: Eligibility Criteria related to incentives disbursement for mega and ultra-mega projects

Type of Unit	Taluka/Area of Classification	Minimum Admissible Fixed Capital Investment (INR billion)	Minimum Direct Employment (number of people)
Mega Industrial Units	A & B	15	2,000
	C	10	1,500
	D	7.5	1,000
	D+	5	750
	Vidarbha, Marathwada, Ratnagiri, Sindhudurg & Dhule	3.5	500
	No Industry Districts, Naxalism Affected Areas* and Aspirational Districts**	2	350
Ultra-mega Industrial Units	Entire State	40	4,000

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

** Aspirational Districts are Osmanabad, Gadchiroli, Washim and Nandurbar.

Provided that:

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

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

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

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

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

TAMIL NADU

Overview

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

The Gross State Domestic Product (GSDP) of Tamil Nadu, at 2011-12 constant prices, stood at around Rs. 7,514.86 billion during 2011-12, which grew at a compound annual growth rate (CAGR) of 6.11%, between the 8-year period of 2011-12 and 2018-19, to reach Rs. 12,075.26 billion in 2018-19[29].

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 has around 54 formally approved special economic zones (SEZs), 50 notified SEZs and 40 exporting SEZs[30].

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 Department of Investment Promotion of Industry and Internal Trade (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. – The Tamil Nadu Industrial Development Corporation (TIDCO) will be mandated to facilitate various Infrastructure projects including Power, Port development, SEZ, waste treatment, handling and disposal, etc.

Area	Incentives
Standard Incentives	**To include all industries in categories A & B districts**[31] • **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 25, 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 25 (Table 25, 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 25 (Table 25, 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.
Structured package of Incentives	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 26, see Annex), for A & B category districts, if they satisfy both the investment and the minimum employment criteria fixed for each category.
Additional Incentives	• **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.

31 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[32]	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 27, 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. • **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 28, see Annex). • Investments made below Rs. 2 billion are also be eligible for receiving VAT related fiscal incentives (Table 29, 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 Rs. 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

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

Annex

Table 25: Capital Subsidy and Electricity Tax Exemption

Investment in fixed assets/ eligible fixed assets (in Rs. million)	Direct Employment (in numbers)	Capital Subsidy (in Rs. million)	Electricity tax exemption (in no. of years) from date of commercial production
50-500	100	3.0	2 years
500-1000	200	6.0	3 years
1000-2000	300	10.0	4 years
2,000 to 5,000	400	15.0	5 years
5,000-15,000	600	17.5	5 years
15,000-30,000	800	20.0	5 years
30,000 and above	1000	22.5	5 years

Table 26: Fiscal incentives for Mega, Super-mega & Ultra-mega projects

Investment Category	Investment Range (in Rs. 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, addl. 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 Rs. 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, addl. 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 27: Special Package for Southern Districts

Category	Investment Range (in Rs. 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 28: Structured Package of Incentives for Southern Districts

Investment Category	Investment Range (in Rs. 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 Rs. 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 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 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 29: VAT related Fiscal Incentives

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

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 Rs. 5,204.85 billion in 2011-12 to reach Rs. 8,009.13 billion during 2018-19. During this 8-year period, the GSDP recorded a compound annual growth rate (CAGR) of around 5.54%[33]. 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[34].

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 Department of Promotion of Industry and Internal trade (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.

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 30, 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 31, 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 32, 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 32.1 - 32.3, 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 33, Annex).

Area	Incentives
	• **Fiscal Incentives common for Investment under Scale – 1, 2, 3 & 4:** – Anchor Unit Subsidy ▪ Anchor unit subsidy of Rs. 10 million shall be offered for the first two manufacturing enterprises with minimum employment of 100 members and minimum investment of Rs. 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 Rs. 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 Rs. 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 34, 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 WBIPS 2005 will be entitled to receive Waiver of Electricity Duty without ceiling for no. of years and percentage of waiver in line with (See Table 32, 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 35, 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 30: 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 31: 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 32: 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 Rs 12.5 million per year
'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	Rs 250 million per year /

Table 32.1: 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 32.2: 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 32.3: 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 33: Stamp Duty Waiver

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

Table 34: 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 35: 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%

Partner Profiles

CHEMICALS, AGRI-BUSINESS, INSULATORS AND FASHION YARNS

INCEPTION – 1965 | EMPLOYEES – 10000+ | PRODUCTION – 21 Facilities globally | www.adityabirlachemicals.com

Vision

To be a premium global business that delivers through safe, sustainable and profitable growth, focused commodity and specialized platforms while offering superior customer experience

The **Aditya Birla Chemicals** is a **multi-billion dollar** sector with leading **global presence** across industries. A flagship business of the US$ 48.3 billion Aditya Birla Group, this is truly a diversified player represented by several independent legal entities across geographies.

Aditya Birla Chemicals has production centers in **21 locations** across Germany, Thailand and India and four state-of-the-art application centers across Turkey, Thailand and India, reaching to customers from more than 80 countries, globally.

With a **global leadership position** in caustic, advanced material, phosphates, sulphites, peroxides and viscose filament yarns, it is also India's leading producer of fluorides, agri-products and insulators.

Aditya Birla Chemicals speaks of over **1000 product lines** catering to more than **15 industries served** and having over **30 Well Reckoned Brands**.

Aditya Birla Chemicals strongly believes that the most responsible and sustainable businesses would also be financially most successful in the long run and is gradually moving towards stringent safety norms. Product stewardship is also a crucial element of the business. We are equally committed to create a positive impact on each of the communities in which it operates through key initiatives in health, education, social, sustainable livelihood and infrastructure development.

Aditya Birla Chemicals – Ties with Germany

Aditya Birla Chemicals has manufacturing in Germany and is associated with companies in Germany through joint ventures.

In 2019, CTP Advanced Materials GmbH (originally CTP Chemicals and Technologies for Polymers GmbH) became part of the Aditya Birla Chemicals – Advanced Materials (Aditya Birla Group) entirely. The company, operating since 1993, specializes in epoxy hardeners and modified epoxy resins and manufactures customized products to address various high functional requirements of Automotive, Coating, Construction, Composite and Electrical & Electronics Industries. The facility is located at Rüsselsheim (Germany) with an R&D and Application Development Center. It offers a wide range of products (> 200 customized products) to more than 350 customers under the brand name CeTePox.

Aditya Birla Chemicals is also engaged in a joint venture with Reinhausen Power Composites through Aditya Birla Insulators. The joint venture known as "Aditya Birla Power Composite Limited" (ABPCL) was formed in October 2019 and will be setting up a state-of-the-art CHCI (Composite Hollow Core Insulator) manufacturing plant at Halol, Gujarat, India. Reinhausen Power Composites (Unit of Maschinenfabrik Reinhausen GmbH - MR) is the 2nd largest Hollow Composite Insulator player globally.

Aditya Birla Chemicals is also associated with Evonik in a joint venture to produce hydrogen peroxide in Saraburi, Thailand. Evonik is one of the world's leading specialty chemicals companies, headquartered in Essen, Germany.

This is over and above a significant customer and vendor relationships we have in Germany across all our business.

From being an Indian Superbrand to an emerging Global Brand.

Embarking on a journey to conquer new and foreign territories, HIL's innovative, cutting-edge and eco-friendly business synergies, is well on its way to ace expansion and empower growth.

Since its establishment in 1946, HIL Limited has proven itself as a leader in the building materials industry. A flagship Company of $2.4 Billion Conglomerate CK Birla Group, HIL Limited has a rich legacy of established brands which are future ready, high quality, have innovation at their core and stood the test of time. HIL has consistently anticipated the evolution of customer requirement while continually innovating its product offering in accordance.

Having pioneered in green technology, keeping in mind the paradigm shift to green building materials almost a decade ago, HIL diversified into vast range of products that are environmentally viable and conducive. HIL's portfolio includes **Charminar** & **Charminar Fortune** – a Superbrand, which has the highest market share amongst the fiber cement roofing sheets in India, **Birla Aerocon**, a Superbrand green building product line comprising of wet walling and dry walling solution range supplying Panels, Designer Boards, Tile adhesives, Blocks and Jointing Mortar, **Birla HIL** polymer solutions, which comprises of high quality pipes and fitting with the innovative True Fit™ Technology and Wallputty with TrueColor Technology. The latest addition to its portfolio include a wooden flooring brand from Germany - **Parador** that provides premium quality wooden flooring solutions and has a market presence in over 80 countries. The combined business of HIL and Parador makes HIL a stronger, intelligent, integrated and a globally recognized entity.

With an employee strength of **5500+** and **23 manufacturing facilities** in India and abroad, HIL is set to making new benchmarks in the building materials segment and expand into newer territories.

HIL is certified as **Great Place to Work** by **Great Place to Work® Institute** for the second time in a row and is featured as **"India's Best Companies to Work For - 2020"** ranking **67th** . HIL is also **Top 30 Best Manufacturing companies to Work in India - 2020** and **Best in Cement and Building Materials in India - 2020** as certified by **Great Place to Work Institute.** It's MD and CEO, Mr. Dhirup Roy Choudhary has been awarded as **"The Most Promising Business Leader of Asia 2018 & 2019" by the Economic Times and** the company has also has been a recipient to the Iconic Brand Award, Asia's Most Trusted Company Award, Best Company of the Year, Employer brand Award and has been maintaining the Superbrand status for many years now.

Having a rich legacy of 70+ years, HIL owns the responsibility to give back to the society it operates in. HIL aims to minimize the impact of its operations and strive towards improvement and upliftment of communities through its multiple initiatives. Their community programs are aimed to improve access to education, healthcare and sanitation.

PARADOR

living performance

For the most beautiful home in the world

Since its foundation in 1977, Parador GmbH has developed into a leading manufacturer of high-quality systems for floor, wall and ceiling design. The product range of the brand includes laminate and engineered wood floorings, panels as well as resilient floor coverings, which are manufactured at the German headquarters in Coesfeld and the Austrian site in Güssing. 550 employees in administration and production ensure that Parador products are available in over 80 markets worldwide. The export quota of the Münsterland-based premium manufacturer is over 50 percent. In recent years, the company has been able to successfully increase its sales annually and, with 160 million sales in 2019/2020, celebrated the most successful business year since the company was founded.

Since July 2018, HIL Limited, a subsidiary of the CK Birla Group, has been a shareholder of Parador. This partnership and the resulting synergy effects have enabled Parador to continue investing and expanding and to exploit its entrepreneurial growth potential in the long term.

By entering the Indian market in autumn 2019, Parador has opened up another strategically important potential market. A ten-person sales team and an experienced marketing team at HIL open up the market nationwide and are in close consultation with their German colleagues. The sales orientation focuses on both retail partners in the Indian metropolises as well as commercial construction projects with architects and building owners. For this, Parador has developed its own collection, which is specifically geared to the needs of the Indian market. The first successfully implemented major projects already show that the quality and design of the products "made in Germany" also inspire Indian customers.

Guarantors of Parador's worldwide success are the highest standards of technology, materials and production. Impulse-giving developments from architecture and home design, the feeling for trends, suggestions from lifestyle, craftsmanship and art inspire the product developers and designers at Parador time and again to create new concepts. The maxim applies here: Parador is genuine, innovative and sophisticated. For its outstanding product design, Parador has been awarded several international prizes; including the red dot design award, the Interior Innovation Award and the German Design Award.

As a traditional woodworking company, Parador is committed to the responsible use of natural resources and sets ecological standards for materials, production, packaging and logistics. Since 2011, Parador has also been a partner of the "Plant-for-the-Planet" foundation, which promotes reforestation and climate justice worldwide.

essel
EXTRAORDINARY PACKAGING

ESSEL PROPACK: FROM CONCEPT TO TUBE, THE PERFECT HOME FOR YOUR PRODUCT

ESSEL Germany plays an essential role in the global success of Essel Propack Limited in India

Tubes are an integral element of our lives! We use them for toothpaste, face care or shower gel. Tubes are now even used for sweets. The products are just as diverse as their brand names. And yet a large proportion of the tubes come from ESSEL's production facilities!

Essel Propack, is the largest specialty packaging global company, manufacturing laminated plastic tubes catering to the FMCG and pharma space. Employing over 3269 people representing 25 different nationalities, Essel Propack functions through 19 state of the art facilities in eleven countries, selling about 8 billion tubes and continuing to grow every year. Since 2019, Essel has been part of Blackstone, one of the leading investment companies managing global assets of $512 billion. Blackstone has strong expertise in the packaging sector.

Holding oral care market share of 36% in volume terms globally, Essel Propack is the world's largest manufacturer with units operating across countries such as USA, Mexico, Colombia, Poland, Germany, Egypt, Russia, China, Philippines and India. These facilities cater to diverse categories that include brands in beauty & cosmetics, pharma & health, food, oral and home, offering customized solutions through continuously pioneering first-in-class innovations in materials, technology and processes.

THE TRADITION OF TUBE PRODUCTION IS ROOTED IN DRESDEN

A brief history of the tube: This practically ingenious form of packaging was patented in the USA by John Goffe Rand in 1841. A little later, tube production also began in Dresden. From here, it conquered the European market.

In 1907, the Dresden pharmacist Heinsius von Mayenburg

started the process with the invention of his toothpaste ‚Chlorodont'.

He had it filled in tubes of tin and thus started the success story of the tube in 1917. The production facility survived the war and was nationalized in 1952 as ‚VEB Elbe-Chemie' in East Germany. After 1990, it was reprivatized to become ‚Dental-Kosmetik Dresden GmbH & Co. KG'. The new owners set their focus on the further development of the toothpaste and looked for a reliable partner for their packaging. They found one in India.

ESSEL DEUTSCHLAND GMBH & CO. KG

1999 marked the year in which the first German-Indian joint venture of the ESSEL Propack group was founded in the new federal states of Germany - Essel Deutschland GmbH & Co. KG was formed. The Dresden-based company with 185 employees is currently the European market leader for high-quality decorated laminate tubes. At the company's facility in Dresden alone, ESSEL Deutschland GmbH & Co. KG produces well over 1 million laminate tubes in various diameters for the food, cosmetics, toothpaste, pharmaceutical and household sectors.

In contrast to tubes made of aluminum or polyethylene, the laminate tube enables various printing processes such as flexo printing, letterpress printing and digital printing, as well as additional refinements (e.g. embossing). For Essel's customers, these are of vital importance, as the value of the tube is now determined by printing and sustainable solutions. The group has now invested an excess of 30 million euros in its German plant as it is continuously focusing on new tube lines and high-quality printing technology.

Continuing the leadership path, ESSEL Deutschland has recently won the prestigious „Tube of the Year" award from the European industry association ETMA (European Tube Manufacturers Association) for leading innovation in the field of sustainability.

ESSEL PROPACK LEADING INNOVATION WITH RECYCLABLE TUBE PACKAGING

Platina lami tubes herald much needed eco-friendliness in the segment with first of its kind break through innovation.

Essel Propack's Platina tubes have been recognized by RecyClass, Europe and Association of Plastic Recyclers(APR), USA as meeting or exceeding the strict European and American HDPE recycling standards respectively. This achievement is a major step forward in delivering on Essel's sustainability commitments.

This is a first of its kind breakthrough in the tube packaging market, essentially for brands looking to convert to sustainable barrier packaging formats which are recyclable.

The R&D team based out of Essel's focussed innovation facility in Maharashtra, India has developed sustainable tubes without compromising any of the functional features of the tubes like feel, shelf life, safety and machinability requirements for the various generations of production lines.

After use, the Platina tubes can be recycled in the dominant #2 plastic stream used across the globe for recycling milk cans, Juice bottles etc. Use of HDPE in Platina tubes increases the stiffness of the tubes, enabling down gauging / reducing polymer content and in helping users to deliver on their sustainability commitments.

Sudhanshu Vats, Managing Director & CEO of Essel Propack Ltd., confirmed:

" This innovation comes at a point where consumer product marketers are looking for sustainability solutions to meet their stakeholder commitments on Reducing, Recycling and Reusing (3 R's) their packaging. Essel as a responsible tube supplier to Global Consumer Brands is proactively offering this innovation to their Partners not only to enable them to achieve their sustainability targets, but also to fulfil their responsibility towards the society."

CONTAKT INFORMATION

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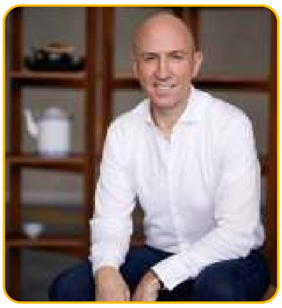
THE BEST RUN SAP

SAP: The World's Largest Provider of Enterprise Application Software

SAP's strategy is to help every business run as an intelligent enterprise. As the market leader in enterprise application software, we help companies of all sizes and in all industries run at their best: 77% of the world's transaction revenue touches an SAP® system. Our machine learning, Internet of Things (IoT), and advanced analytics technologies help turn customers' businesses into intelligent enterprises. SAP helps give people and organizations deep business insight and fosters collaboration that helps them stay ahead of their competition. We simplify technology for companies so they can consume our software the way they want – without disruption. Our end-to-end suite of applications and services enables business and public customers across 25 industries globally to operate profitably, adapt continuously, and make a difference. With a global network of customers, partners, employees, and thought leaders, SAP helps the world run better and improve people's lives. SAP is headquartered in Walldorf, Germany.

SAP in India was established as a subsidiary in 1996 and is the 2nd largest subsidiary and the largest growing company within SAP worldwide with more than **13,340 employees** and presence in 8 cities- Bengaluru, Delhi/ Gurgaon, Kolkata, Mumbai, Chennai, Pune, Dehradun & Hyderabad. India has the second largest R&D centre for SAP. SAP India has ranked **1st** in **India's Best Companies to Work** for the second year in a row in 2019 and previously in 2018 by Great Place to Work Institute. SAP is also the **first multinational technology company** to be awarded the **Economic Dividends for Gender Equality (EDGE)** certification for 13 countries including India.



> "SAP's focus on supporting India's growth potential remains a top priority. We are privileged to be collaborating alongside our customers, partners, employees and government to support the USD 5 trillion economy vision of the nation. With more than 12,500 Indian organizations leveraging SAP to run their digital transformation, we are excited to continue playing an active role in supporting this immensely crucial milestone for Indian companies."
>
> – **Scott Russel**, President, SAP Asia Pacific and Japan

Our Commitment

SAP is committed to supporting every customer to become a best-run business. We help the world run better and improve people's lives. We engineer solutions to fuel innovation, foster equality, and spread opportunity across borders and cultures.

Best-run businesses are intelligent enterprises – breaking down silos and adopting intelligent, dynamic, cross-functional business processes to deliver optimal experiences. Our strategy is to be "the Experience Company powered by the Intelligent Enterprise

Customer Success

In India, SAP serves 07 out of Top 10 ET 500 companies, 06 out of 07 Indian companies on Fortune Global 500 and above all 06 out of 10 "Maharatna" companies. SAP offers applications and services to enable more than 26 industries and is a technology partner of choice for **11,307 customers** across the Indian Subcontinent that includes **9,205 SMEs** with its vast network of 600 partners. SAP is committed to contribute towards digital transformation & productivity across industries and core government sectors

Making an Impact: UP-skilling, Digital Transformation, Education and Innovation

India has a high democratic advantage of 800+ million people in the age group of 18-36 but largely the employable workforce is largely unskilled. SAP has launched initiatives towards making a difference by contributing to the development of youth, community and industry by way of skill development under its **#GrowWithSAP** program. These programs by SAP supports the Indian Government's vision of **Digital India, Skill India, Make in India, Atmanirbhar Bharat.**

Our Purpose and Promise!

SAP India's **Code Unnati**, a coveted Golden Peacock Award winning corporate to citizen, digital literacy and IT skills development initiative is aimed at fostering digital inclusion in India. Launched in June 2017, Code Unnati integrates the Digital Literacy curriculum within primary to higher secondary curriculum and imparts skills in next-gen technologies among the youth enabling employment opportunities.

Code Unnati has digitally educated **1.8 million citizens** and trained **5,200 teachers** across **1500 centers**. Along with Code Unnati, project Nanhi Kali is committed to provide quality education and digital access to over 11,000 underprivileged girl children.

SAP Programs with Government: Make a Difference

SAP is working with the Ministry of Micro, Small and Medium Enterprises, NITI Aayog, Ministry of Skill Development and Entrepreneurship and National Small Industries Corporation on youth skilling and employability.

On the Education stream, SAP in India is currently supporting 34 Universities and educational institutions under its University Alliance program and have certified more than 5000 students during 2019-20. There is a major focus on training the youths on future skills, participating in Industry-Academia-Technology collaborations to support skilling, re-skilling & upskilling and supporting innovation & research.

Empowering Indian MSMEs – GLOBAL BHARAT PROGRAM

SAP India recently launched Global Bharat, a program designed to enable Indian MSMEs become globally competitive by equipping them with digital technologies. The program compliments the Government of India's vision to empower MSME sector by providing them access to global marketplace, digital skilling for the workforce and transforming business processes.

> "A diversified nation, an entrepreneurial powerhouse, with the youngest and still-working population, makes India a promising and high potential growth economy. With digitalization at its core, SAP's intent and initiatives are aligned towards India's vision of achieving an inclusive, resilient and sustainable development. SAP is committed to empower Indian businesses to embrace digitalization faster and focus on upskilling the workforce to become future-ready."
>
> – **Kulmeet Bawa,** President and Managing Director, SAP Indian Subcontinent

Given the current business environment and state of economies, Global Bharat will enable Indian MSMEs to become future-ready while driving greater efficiencies by adopting these 3 initiatives:

Gaining Access to Global Marketplace: MSMEs will have open access to SAP Ariba Discovery where any buyer can post sourcing needs and any of the four million suppliers on Ariba Network can respond with their ability to deliver the goods and services required with no fees through December 31, 2020. Ariba Network is the largest digital B2B marketplace where more than USD $3.3 trillion in global commerce flows annually. By accessing the SAP Ariba Discovery offer, Indian MSMEs can enroll themselves as suppliers and access a global customer market

Digitally Skilling Workforce: Business owners will have access to SAP India's Code Unnati curriculum providing 240 courses (more getting added in a few months) on Digital Financial, Soft Skills, Productivity Technologies that will digitally skill the workforce and adapt to the new working environments. The curated courses will be made available through a mobile application for people to access via their android smartphone devices. SAP India has already trained over 1.8 million youth with the help of 1500 physical training centers

Digitally Transform Businesses: Global Bharat brings affordable and accessible enterprise technology for MSMEs. Through Bharat ERP initiative, they can now adopt SAP's world class ERP; Business One Starter Pack on the cloud. This Digital transformation will enhance efficiencies for businesses while enabling them to provide better products and services to their customers.

ICICI Bank – Partnering growth

ICICI Bank is a large private sector bank and leading financial conglomerate in India, offering a diversified portfolio of financial solutions to Retail, SME and corporate customers. At March 31, 2020, we had a network of 5,324 branches, 15,688 ATMs and other touchpoints. Globally, we are present in 15 countries, including India. We are at the forefront of leveraging technology for digital solutions. Our subsidiaries include India's leading insurance, asset management, private equity and securities brokerage companies.

The above credentials and dedicated teams present globally, position us uniquely to partner the growth objectives of multinational and Indian corporates.

Digital initiatives: We are pioneers in digital banking and among the most technologically advanced banks in India. Our digital initiatives include:

- **Digital leadership:** We have the most comprehensive internet and mobile banking platforms, offering over 300 services. Our versatile salary account offering enables individuals to transact freely.
- **e-Tendering Gateway:** We have developed a customised payment gateway for e-tendering across multiple states in India.
- **Supply chain:** We offer best-in-class paperless platforms with seamless SAP-integrated supply chain solutions, collections/ payments, and channel financing, enabling digital transactions with suppliers.
- **Trade online:** Our comprehensive digital platform, especially for trade transactions enable paperless issuance and processing of Trade products.
- **Blockchain:** We are India's first Blockchain powered bank, supporting more than 250 corporates through our platform for global trade finance.
- **Remittance:** We facilitate quick remittances at competitive rates in multiple currencies through our online channels.

ICICI Bank UK PLC (ICICI UK): Founded in 2003 and registered in London, UK, ICICI UK is a wholly owned subsidiary of ICICI Bank. It has seven branches and four business centers in the UK and one branch in Germany (ICICI Germany). **ICICI UK** and ICICI Germany offer corporate banking and trade products to Indian and Multinational corporates. On the Retail side, ICICI UK offers online banking, debit cards, remittances, and property backed lending, while ICICI Germany also offers deposit services. ICICI Germany is a member of the Einlagensicherungsfonds, (deposit insurance) and participant of SEPA and Target2 clearing, enabling quick payments within the Euro area.

Through our vast domestic reach, global presence, wide offerings, and robust digital solutions, we are partnering the growth objectives of our elite customers.

Institutional Partner Profiles

APA
Asia-Pacific Committee of German Business

The balance of power in our world is changing, and the Asia-Pacific region will play a leading role in this new world order, geopolitically and geoeconomically. The APA wants to – and will – shape this change together with its partners in the region and is committed to the convergence of the economies of Asia and Europe. We want to improve market access and expand trade and investment – also for Asian companies in Europe. The APA is building bridges between German companies doing business in Asia and politics in Germany as well as in our Asian partner countries.

The APA is a joint initiative and umbrella organization of leading business federations – the Federation of German Industries (BDI), the Association of German Chambers of Commerce and Industry (DIHK), the German Asia-Pacific Business Association (OAV), the Federation of German Wholesale, Foreign Trade and Services (BGA) and the Association of German Banks (Bankenverband). The APA pools the economic concerns of German businesses active in the Asia-Pacific region and is an agenda-setter for crucial economic issues regarding the future of our cooperation with the Asia-Pacific region. The APA supports high-level economic talks during visits of Asian government representatives to Germany and during visits of the German Federal Government to Asia. One of the main events is the bi-annual Asia-Pacific Conference of German Business, co-organized with the German Chambers of Commerce Abroad and the Federal Ministry for Economic Affairs and Energy.

Joe Kaeser, President & Chief Executive Officer of Siemens AG, assumed the chairmanship of the APA in February 2019. The Chaiman is advised and supported by the APA Board.

The BDI conveys the interests of German industry to the political decisionmakers and in the process it provides support for business enterprises engaged in global competition. The BDI has at its disposal a widely branching network in Germany and Europe, in all important markets and in international organizations. The BDI takes care of the political flanking of international market opening. And it offers information and economic policy consultations for all topics related to industry.

Our mandate

We are the voice of German industry

The BDI is the umbrella organization of German industry and industryrelated services. It speaks for 40 trade associations and more than 100,000 enterprises with around 8 million employees. Membership is voluntary. 15 organizations in the regional states represent the interests of industry at the regional level.

We take an active part in the democratic process

Pluralistic democracy functions only when diverse opinions in civil society are articulated in the will-finding and decision-finding process. It is only in the competition for ideas that the best solutions are found for our communal life. That is why the BDI is an indispensable actor in civil life – and an important force for reform in social policy. Industry and industry-related services see themselves as part of society and wish to play their part in shaping the necessary discussions on social policy.

We are intermediaries between industry and society

The BDI represents the interests of very varied branches of industry and industry-related services vis-à-vis NGOs, civil society and academic institutions. In explaining how business works, the BDI highlights the impact economic policy has on society. Our guiding principle is: the BDI serves industry – and industry serves people.

Bundesverband
für Wirtschaftsförderung
und Außenwirtschaft

Global Economic Network

BWA

The members of our association are united by the conviction that politics and economy are based on the commitment of every single individual. In the Federal Association for Economic Development and Foreign Trade (BWA), experts and management of economy, scientific and public life face up to a collective responsibility: Beyond all particularist interests they step in for an eco-social market economy that creates sustainable growth for everybody and helps to maintain our world for the generations to come.

Economy means all of us!

Progress and wealth do not come by chance but they are based on the courage, creativity and dedication of many people in this country. Economy means all of us! For the purpose of this motto the BWA attempts to strengthen motivation, commitment and the sense of responsibility in our society.

Our competence – your advantage!

The BWA arranges valuable contacts on all levels: nationwide in the federal Senate, the regional branches and numerous local Trade Clubs. On the international level members of the BWA have exclusive contact to a widespread network of external trade advisors and over 100 Trade Points world wide.

Diplomatic Council
The Global Think Tank DC

The Diplomatic Council is a unique organization with consultative status to the United Nations combining a global think tank, a world-leading business network and a charitable foundation. Diplomatic Council members gain access to a global network of leaders from the highest levels of diplomacy, business and social change. The Diplomatic Council links diplomacy, business leaders, science's leading minds and society's front-runners on resolving mankind's biggest challenges.

GLOBAL THINK TANK

The Diplomatic Council functions as a global think tank with the world's leading minds and subject matter experts across cross-functional subjects. The Diplomatic Council has been granted by the United Nations the highest status that can be achieved for a non-governmental organisation): the special consultative status with the UN Economic and Social Council (ECOSOC) This status entitles Diplomatic Council members to attend UN sessions and make written and oral statements at international UN conferences and events. The Diplomatic Council, in partnership with other organizations, has spearheaded numerous key initiatives and projects around the world.

GLOBAL BUSINESS NETWORK

The Diplomatic Council is an elite global business network that builds the bridge between business leaders and the areas they can serve. The Diplomatic Council firmly believes that a thriving economy bringing prosperity to mankind is one of the best guarantors of peace. Based on this perception, the Diplomatic Council has translated its goal of promoting international understanding into an economic mandate. Against this background, the Diplomatic Council is a global business network providing a platform for diplomats, business leaders and societal personalities to meet and enrich each other.

SOCIAL GOOD

The Diplomatic Council Foundation suppors social good around the world. The Foundation is committed to the promotion of peace and security for every life, and sustainable development.

The Diplomatic Council sparks inspiration and ignites world-changing collaborations.

The Diplomatic Council's mission is to be a catalyst for unprecedented human unity, progress, and fulfillment. It raises its voice for humanity, good sense and wisdom. Most importantly it believes economic diplomacy provides a solid foundation for international understanding. The membership unites established leaders and elevates the world through entrepreneurship, social impact, and policy as Diplomacy helps business and vice versa. The global business network is organized across all major industries and divided in sectoral forums, programs, initiatives and missions.

The Diplomatic Council is driven by active members from diplomacy, economy and society who are honored and committed to help develop mutually beneficial business relationships, encourage intercultural relations, enhance international understanding and promote more peaceful relations amongst nations. In a world that demands the intersection of economic competency, social entrepreneurship, and diplomatic skills, a think tank uniting diplomacy and business is crucial.

Further Information: www.diplomatic-council.org/application, info@diplomatic-council.org

GERMAN ASIA-PACIFIC BUSINESS ASSOCIATION

The Network of German Business for the Asia-Pacific region

Based in Germany we provide our member companies with any support they need for a successfull business in Asia:

Exchange of experiences
Know-How
Contacts

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The Economic Council (Wirtschaftsrat der CDU e. V.) is an entirely independent German business association representing the interests of more than 12,500 small and medium sized companies, as well as larger multinational companies. We provide our members with a platform to engage in a continuous dialogue with leading decision makers, both in Germany and Europe.

The Economic Council has representative offices in all Federal States as well as in Brussels and New York. The most important bodies in that context are the Federal Expert Commissions. Expert commissions are chaired by board members, chairmen and chief executives of some of the most renowned companies in Germany. The structure of our members is composed of companies from all sectors of the business and entrepreneurial community. The typical work of an expert commission comprises the engagement with high level policy makers from the respective policy area (facilitating a two-way dialogue between our members and key decision makers), consulting leading academics in the field and on this basis formulating concrete policy recommendations, which best reflect the interests of our entire membership base.

Confederation of Indian Industry
125 Years - Since 1895

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 working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry.

For 125 years, CII has been working on shaping India's development journey and, this year, more than ever before, it will continue to proactively transform Indian industry's engagement in national development. The premier business association has more than 9100 members, from the private as well as public sectors, and an indirect membership of over 300,000 enterprises from around 288 national and regional sectoral industry bodies.

With 68 offices, including 9 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.

Confederation of Indian Industry
RESEARCH
125 Years - Since 1895

CII Research is an Industry think-tank providing thought leadership on strategic economic and industry issues critical to national growth and development. Drawing on a deep reservoir of industry leaders and industry associations spanning all sectors and present across the country, CII Research originates analytical reports in consultation with stakeholders. Based on strategic perceptions and data, these in-depth insights suggest specific policies and action plans that would enhance the role of Indian industry in nation-building.

Confederation of Indian Industry
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