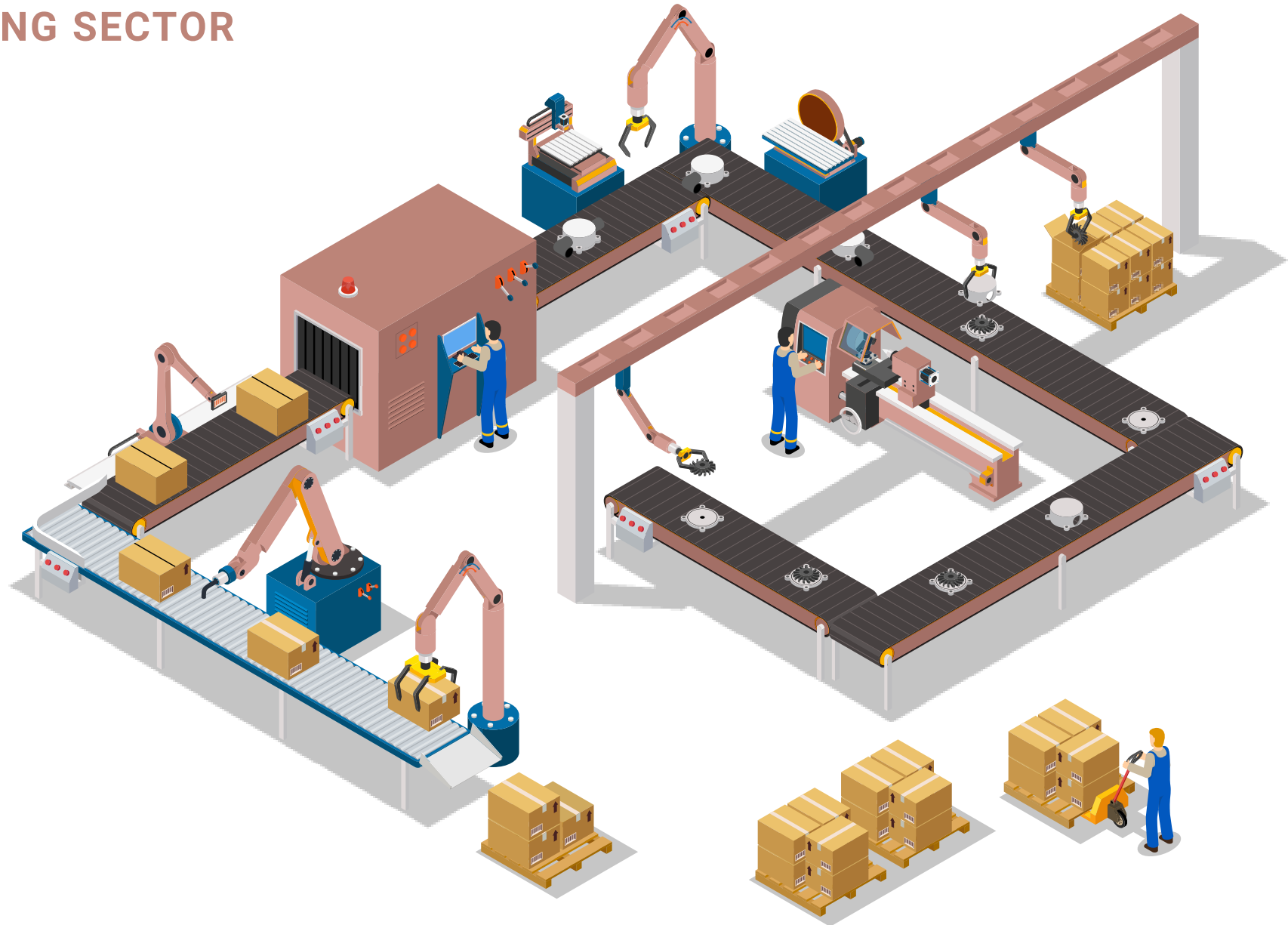




MANUFACTURING SECTOR IN INDIA

JANUARY 2020

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MANUFACTURING SECTOR
IN INDIA





BACKGROUND

With a push on domestic manufacturing, strong public policy support and incentives, India is emerging as a top-5 global manufacturing hub. Owing to this, foreign countries are encouraged to leverage the benefits of setting up manufacturing capabilities in India to further their business footprint.

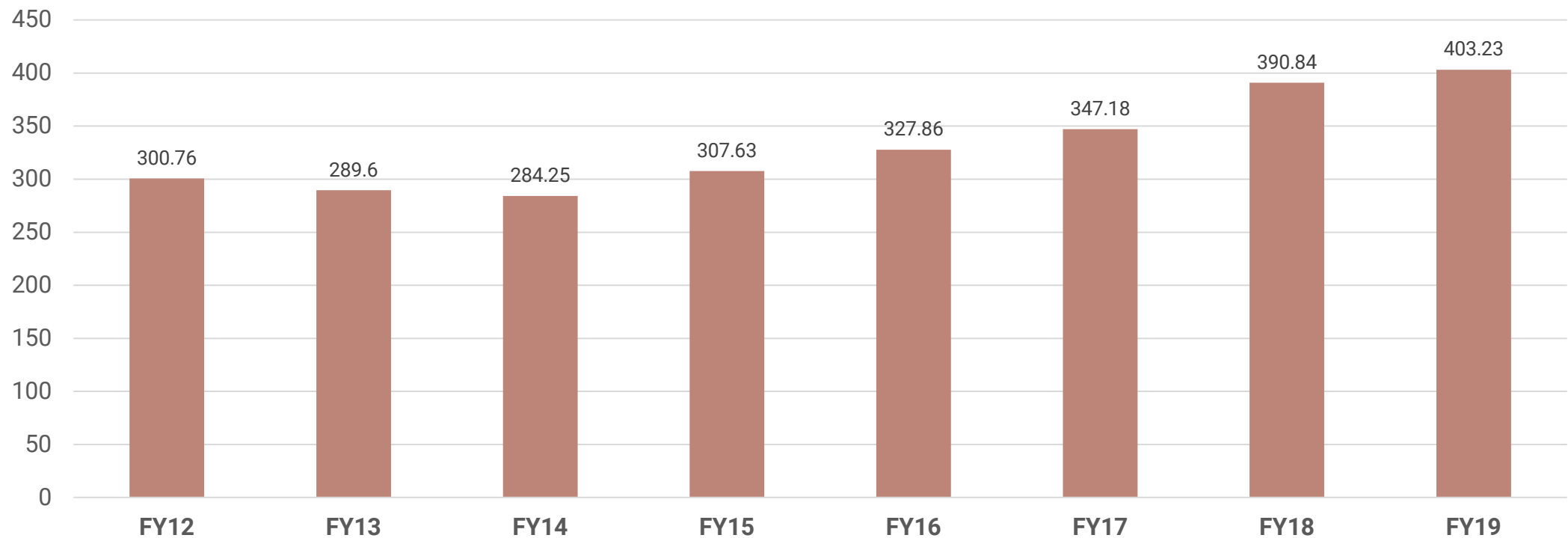
Via this document, we aim to give an overview of India's manufacturing sector & its benefits towards companies setting up a business in the same.



SECTOR OVERVIEW

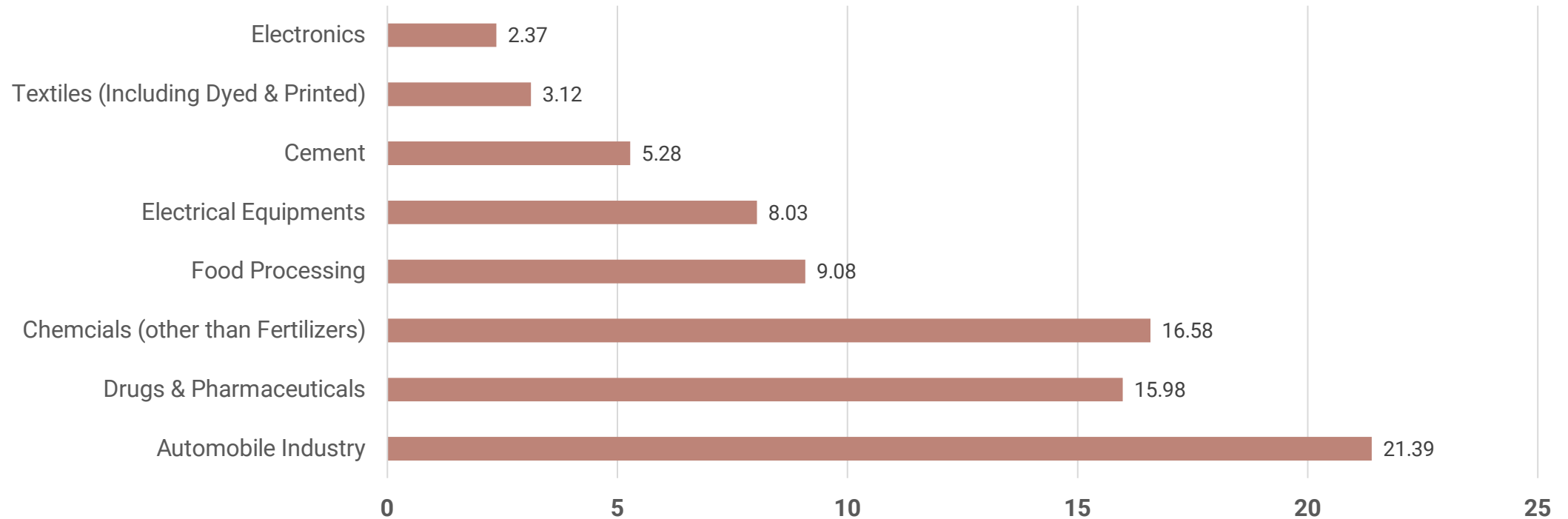
SECTOR PERFORMANCE AND GROWTH

Gross Value Added (GVA) in USD billion



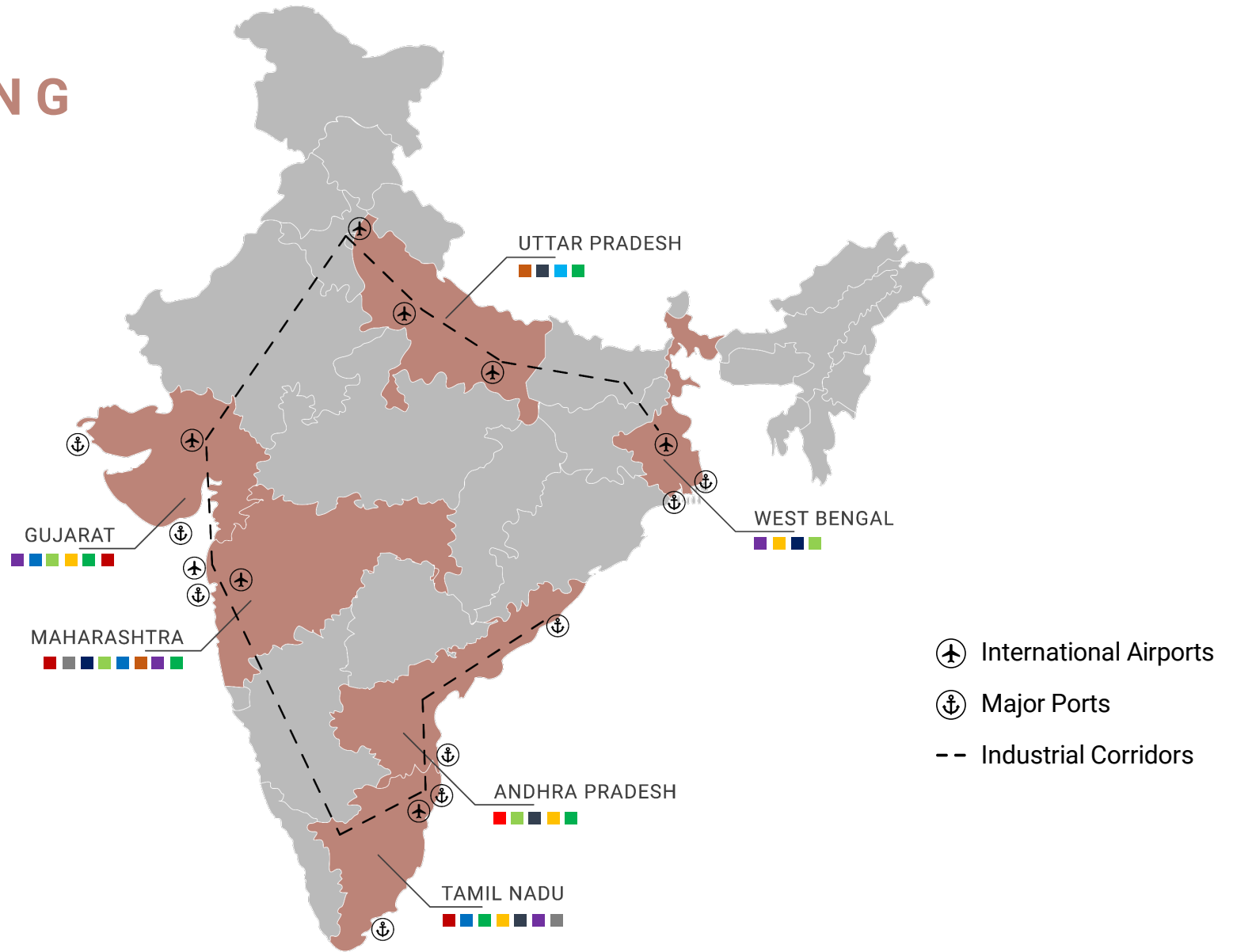
FOREIGN DIRECT INVESTMENT

Industry-wise FDI inflow from April 2000 to March 2019 (USD billion)



MANUFACTURING HUBS IN INDIA

- Automobiles & Auto-components
- Chemicals
- Electronics
- Engineering
- Food processing
- Footwear
- Iron, Steel, Precious Metals
- Leather products
- Pharmaceuticals
- Plastics
- Semiconductors
- Textiles





POLICY SUPPORT & INCENTIVES TO MANUFACTURE IN INDIA

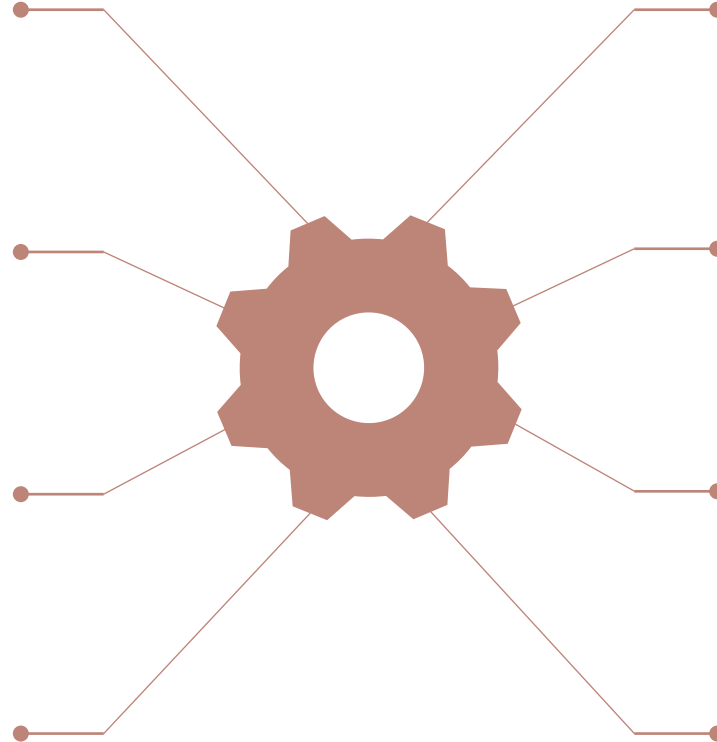
POLICIES & INSTITUTIONAL SUPPORT

Government initiatives such as Make In India, Invest India, Skill India, etc to boost domestic manufacturing

100% Foreign Direct Investment (FDI) via automatic route for manufacturing sector to boost foreign investment

Think tanks such as NITI Aayog setup to work on sector policy design, facilitation, monitoring, and implementation

Dedicated National Manufacturing Policy to promote domestic manufacturing and infrastructure development



Sectoral policies in steel, electronics, defence, etc. for manufacturing and procurement provide additional incentives

Free Trade Agreements and Preferential Trade Agreements with various countries to eliminate hindrances

21 nodal industrial cities with benefits such as large land parcels, planned communities, ICT enabled infrastructure, etc

Infrastructure projects such as Delhi-Mumbai Industrial Corridor (DMIC) and Dedicated Railway Freight Corridor (DFC)



NATIONAL MANUFACTURING POLICY

Primary Objectives

- Increase the contribution to GDP to 25% by 2022
- Increase job creation - 100 million jobs by 2022
- Enhance global competitiveness, domestic value addition, technological depth and environmental sustainability of growth

Key Provisions

- Streamlined approach for development of NMIZs
- Rationalization of central-level business regulations with 2-step application with DIPP; easier land allotment
- Viability gap funding, ECBs, long-term loans from public banks to be provided

Dedicated Zones

- 14 National Manufacturing & Investment Zones (NMIZs)
- NMIZs are envisaged as dedicated industrial townships which have state-of-the-art facilities
- Emphasis on infrastructure, clean energy and resources; and away from ecologically fragile areas

Future Oriented

- Streamlining PPP-based projects, providing relevant incentives across sectors
- Government support via appropriate financing instruments
- Streamlining the regulatory and compliance requirements for approvals on various stages



TAX & FINANCIAL INCENTIVES

Goods and Services Tax (GST)

- GST simplified the tax structure by rectifying breaks in supply chain and allowing input tax credits, thus eliminating the cascading effect of taxes
- Industry-wise additional benefits through special GST rates

Corporate Tax Rate

- Corporate tax rate reduced to 15%* for new domestic manufacturing companies incorporated on or after 1 October 2019

Minimum Alternative Tax (MAT)

- MAT for manufacturing companies incorporated on or after 01 October 2019, subject to them not availing any tax incentives or exemptions and commencing production on or before 31 March 2023
- MAT reduced to 15%* for companies availing exemptions and incentives but not liable to the reduced corporate tax rate

Export Duty

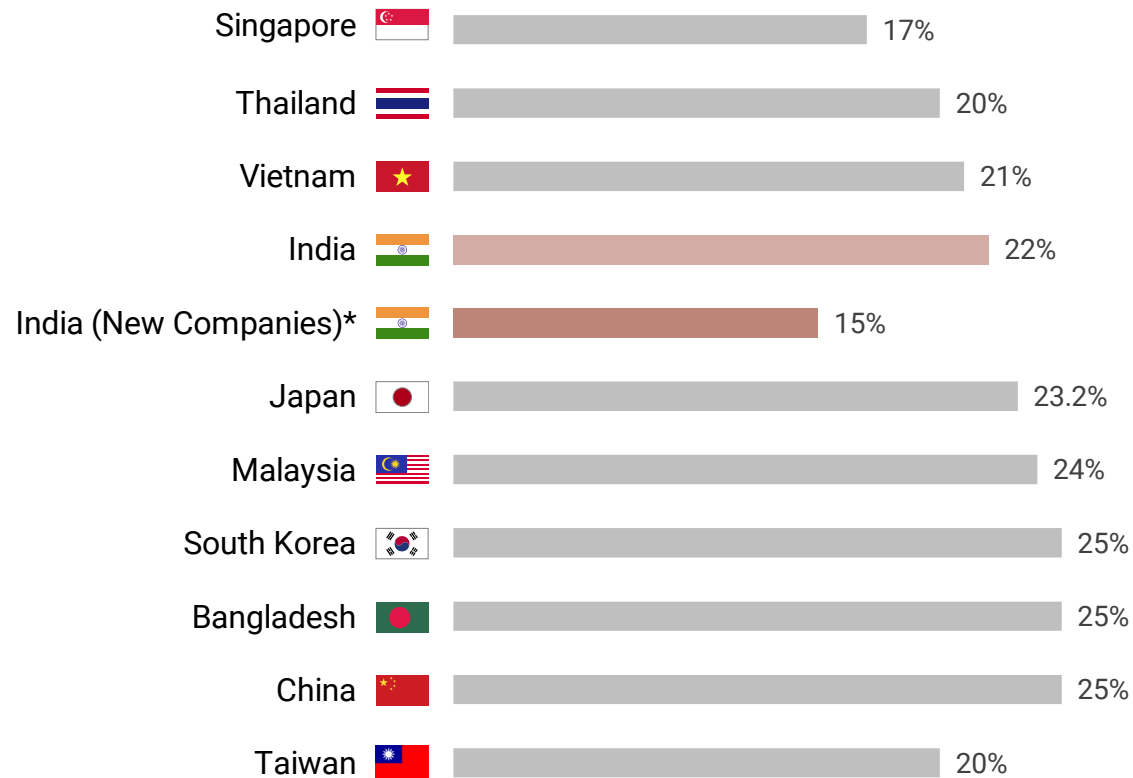
- Implementation of Zero Duty EPCG (Export Promotion Capital Goods) Scheme, Post Export EPCG Duty Credit Scrip Scheme, etc. for Indian exporters

* Plus applicable surcharge and education cess



INDIA : THE NEXT BUSINESS DESTINATION

Corporate tax rates in Asian countries



Ease Of Doing Business Global Rank

2019	>	63
2018	>	77
2017	>	100
2016	>	130
2015	>	130
2014	>	142

* Incorporated on or after 01 October 2019
Excluding surcharge and education cess



A BUSINESS CONDUCIVE ECOSYSTEM



While there are well over 50 major policies (old and new) which make up the business ecosystem of India, we've highlighted the key policies above. Other secondary policies can be classified under the following ambits:

State Policies

Double Taxation Avoidance Agreements

Sectoral and Industrial Policies

Labor Policies

Bilateral Treaties

Civil Policies



SELECT INVESTMENTS IN RECENT YEARS

2018

Samsung : USD 700 m

World's largest mobile phone manufacturing unit

2019

Wistron : USD 420 m

Contract manufacturing for Apple, Xiaomi, and Nokia

2019

Foxconn : USD 300 m

Contract manufacturing for Apple, Xiaomi, Nokia, & OnePlus

2015

Diamler AG : USD 615 m

Manufacturing unit for commercial heavy vehicles

2016

Isuzu Motors : USD 420 m

Greenfield manufacturing unit of SUV segment vehicles

2019

Kia Motors : USD 1600 m

Manufacturing of light-weight passenger ICE and electric vehicles

2018

Bosch : USD 120 m

Manufacturing unit for home appliances

2018

Boeing : USD 160 m

Engineering and product development facility

2019

BYD : USD 400 m

Manufacturing unit of electric buses and electric heavy vehicles





INDIA ENTRY STRATEGY

ESTABLISHING AN INDIA PRESENCE

Formats For Incorporation

WHOLLY OWNED
SUBSIDIARY

JOINT VENTURE

MERGERS &
ACQUISITIONS

How Coinmen Can Help

- Market research and entry strategy (***through associates***)
- Setting up and incorporation of a business entity
- Funding a business and raising capital
- Financial accounting, payroll management
- Direct and indirect tax management and compliances for domestic and international transactions
- Transfer pricing documentation
- Expatriate Taxation
- M&A transaction advisory
- Exit strategy from India



Setting up a business in India might seem like a hassle to someone who is unaware about the country's rules and regulations. But that's where we come in to help you.

At Coinmen, our aim is to provide financial expertise to help set up your business and provide profound advisory for its growth. This presentation is put together by our team to ensure that you're prepared well in advance before setting up a business in India and can navigate swiftly through the required compliances.

T H A N K Y O U .

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