

**EEPCINDIA**

ENGINEERING THE FUTURE

THE EEPC INDIA  
'DOING BUSINESS' SERIES

# DOING BUSINESS IN INDIA

The business district of Mumbai



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'DOING BUSINESS' SERIES



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There is a new vibrancy in India, a new energy. We have opened up all the major sectors to FDI and are the world's most open economy. Every sector, except for multibrand retailing, is now open. 100% FDI in almost all sectors through automatic route, export conducive policies of planned Trade Infrastructure for Export Scheme (TIES) have made India a haven of Foreign Capital Inflows with a 82% rise in FDI in Manufacturing sector in November 2016. The Make in India initiative has truly transformed the Brand India Image .

India is all set to evolve as a hub for design, innovation and manufacturing. Aided by Government measures, we will see India become a nation of young innovators. I believe that India will see a huge number of start-ups in both digital and manufacturing in the years ahead, and that India will become a nation of job creators rather than job seekers. Budget 2017 focuses on creating a stronger middle class and boosting domestic consumption by cutting taxes for small businesses as well as low- and middle-income earners. This is like having a two speed economy where the boost in consumption will provide the fast-pace growth that will help make up for the slow speed of structural reforms like GST and demonetization.

Inflation is within control at 3.17 % , contained CAD at 0.6% of GDP and industrial performance is also showing signs of revival with Merchandise export growing at 4.32% and Engineering Exports at 12.4% , and fiscal consolidation measures are in place and India should be able to meet the target of 3.2 percent fiscal deficit by 2017-18.

EEPC India flagging Indian Engineering abroad is back with its compendium of India Facts

The report has highlighted details regarding India's existing tax structure, SEZ policy, FDI policy, trade, etc. It also includes details of Indian engineering industry.

I am certain that this report will be a valuable reference for global businesses and investors keen on doing business with India..

**T S Bhasin**  
Chairman, EEPC India

# Foreword



Use of technology, transparent processes and ease of doing business will help India pull off 8 per cent growth over the next couple of decades . Government is working on three pillars, including the goods and services tax, JAM (Jan Dhan, Aadhaar and Mobile) and ease of doing business to promote growth

and investments.

Engineering enjoys a lion's pie of over 23.9% of total Indian Merchandise Exports and it is heartening to note that the sector at 12.4% and merchandise exports at 4.3% are back to a positive growth. The share of India's export in global trade was 2.2 per cent in 2015, of which the share of merchandise exports was 1.6 per cent and commercial services 3.3 per cent. Promoting access to new products, finding new geographical regions through market access initiatives and market development assistance schemes, promoting product standards, packaging and branding of Indian products and providing facility for duty free import of inputs and machinery required for export production are some of the steps being taken to boost exports. There has been a 195.5% rise in cumulative FDI flows into Indian Engineering Industry during 2010-2016 which testify the lucrativeness of this sector . India has made significant strides towards development of its

engineering sectors which has moved into Industry 4.0- Smart Engineering and Government is aiming at raising the share of India's manufacturing sector from 17% in GDP to 25% . We welcome GST – a brave and thoughtful move by our Government!

Smart Engineering is our new mantra.

I am sure this updated handbook would act as a ready reckoner for all prospective investors to India.

A handwritten signature in black ink, appearing to read 'Bhaskar Sarkar', with a horizontal line underneath.

**Bhaskar Sarkar**

Executive Director & Secretary, EEPC India

# Contents

India firing on its macro cylinders...	8
Introduction	10
Expanding infrastructure in India	12
Trade	16
Investment	27
India's engineering sector	39
Tax and other regulatory measures	44
Labour laws in India	59
Important information	60
Useful contacts	65
EEPC India offices	66

# India : Acceleration Ahead

**01** On a cumulative basis, CAD narrowed to 0.7% of GDP in 2016-17 from 1.1% in 2015-16 on the back of the contraction in the trade deficit to \$112.4 billion in 2016-17 from \$130.1 billion in 2015-16

**02** The Government has settled for a fiscal deficit target of 3.2 per cent of GDP for 2017-18 to ensure higher public expenditure for boosting the economy. Economists had predicted a fiscal deficit of 3.3 per cent of GDP for 2017-18. That would be higher than the 3 per cent pledged earlier, but lower than 3.5 per cent that the government has budgeted for the current financial year ending in March

**03** In its May 'Global Macro Outlook 2016-17' Moody's had said that India's growth will pick up slightly, climbing to 7.5 per cent in 2016 and 2017, from 7.3 per cent in 2015.

**04** The global investment bank remained constructive on the Indian market and maintained a target of 30,000 for Sensex, which translates into an upside of around 7 per cent. Contained Fiscal Deficit has set a stage for increased consumption across sections of the market. No long-term capital gains tax on equities and a balanced approach for multiple priorities - spur consumption/rural/infrastructure trying to stick close to the targets on fiscal consolidation have helped indices zoom past the key resistance levels





## 05

The Gross Value Added (GVA) at basic constant (2011-12) prices from the manufacturing sector in India grew 7.9 per cent year-on-year in 2016-17. Under the Make in India initiative, the Government of India aims to increase the share of the manufacturing sector to the gross domestic product (GDP) to 25 per cent by 2022, from 16 per cent, and to create 100 million new jobs by 2022.

## 06

Consumer prices in India increased 1.54 percent year-on-year in June of 2017, slowing sharply from a 2.18 percent rise in May and below market expectations of 1.7 percent. The inflation rate fell to a fresh record low for the third month as food prices declined faster amid a favorable monsoon. Inflation Rate in India averaged 6.97 percent from 2012 until 2017, reaching an all time high of 12.17 percent in November of 2013 and a record low of 1.54 percent in June of 2017.

## 07

The Reserve Bank of India left its key repo rate unchanged at 6.25 percent for the second time at its February 2017 meeting, compared to expectations of a 25bps cut. Policymakers decided to change the stance from accommodative to neutral while assessing the effects of demonetisation on inflation and growth. The reverse repo rate was also kept at 5.75 percent and the marginal standing facility and the bank rate at 6.75 percent.

# Introduction

INDIA is one of the oldest civilizations in the world with a kaleidoscopic variety and rich cultural heritage. It is the seventh-largest country by area, the second-most populous country with over 1.2 billion people, and the most populous democracy in the world. In the present scenario, India's economy is the third largest by purchasing power parity (PPP) and third largest by nominal gross domestic product (GDP), globally.

India has seen a systematic transition from being a closed door economy to an open economy since the beginning of economic reforms in the country in 1991. These reforms have had a far-reaching impact and have helped India unleash its enormous growth potential.

Today India is one of the fastest growing economies in the world and has emerged as a key destination for foreign investors in recent years. According to UNCTAD's World Investment Prospects Survey 2014-16, India is the sixth-most attractive destination for FDI in the world.

India's GDP has also grown at around 7.9 per cent between 2003 and 2012. This trend, according to the International Monetary Fund (IMF), is likely to continue for the next five years with an average GDP growth rate of 7.7 per cent per annum till 2017. India's GDP for 2017, valued at US\$9.585 trillion is the 3rd largest in the world (estimates for 2017).



## India – A snapshot



**Capital**  
New Delhi

**Location**  
India is located in south Asia and is bordered by other countries like Pakistan in the west, China and Nepal in the north to north eastern part, Bhutan in the north east and Burma in the west.

**States and Union Territories**  
India consists of 29 states and 7 union territories

**Natural resources**  
Coal (fourth largest reserve in the world), manganese, bauxite, iron-ore, chromites, diamond, limestone, titanium ore, natural gas, petroleum, and arable land form India's natural resource

**Coastline**  
7000 km of coastline, which includes that of the Andaman, Nicobar and Lakshadweep islands.

**Languages**  
English, Hindi (Official)

**GDP (official exchange rate)**  
US\$ 2.251 trillion (2016 est.)

**GDP – per capita (PPP)**  
\$8.721 trillion (2016 est.)

**Industries**  
Textiles, chemicals, food processing, steel, transportation equipment, cement, mining, petroleum, machinery, software, pharmaceuticals

**Exports**  
\$262.3 billion (2016 est.)

**Exports – commodities**  
Petroleum products, precious stones, machinery, iron and steel, chemicals, vehicles, apparel

**Export partners**  
US 15.2%, UAE 11.4%, Hong Kong 4.6%, (2016)

**Imports**  
\$381 billion (2016 est.)

**Imports – commodities**  
Crude oil, precious stones, machinery, chemicals, fertilizer, plastics, iron and steel

**Import partners**  
China: 15.7%, Saudi Arabia 5.4%, Switzerland: 5.4%, US 5.3%, UAE 5.2%, (2016)

**Exchange rate**  
Indian rupees (INR) per US dollar: 64.4208 (as on 26 July 2017, RBI)

Source: IMF

# Expanding infrastructure in India



**T**HE infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Government has set a target of Rs 25 trillion (US\$ 376.53 billion) investment in infrastructure over a period of three years, which will include Rs 8 trillion (US\$ 120.49 billion) for developing 27 industrial clusters and an additional Rs 5 trillion (US\$ 75.30 billion) for road, railway and port connectivity projects.

The infrastructure sector includes power, bridges, dams, roads and urban infrastructure development. In August 2016, India jumped 19 places in World Bank's Logistics Performance Index (LPI) 2016, to rank 35th among 160 countries.

## **Market size**

India needs Rs 31 trillion (US\$ 454.83 billion) to be spent on infrastructure development over the next five years, with 70 per cent of funds needed for power, roads and urban infrastructure segments.

The Indian power sector itself has an investment po-

tential of US\$ 250 billion in the next 4-5 years, providing immense opportunities in power generation, distribution, transmission and equipment, according to Mr Piyush Goyal, Union minister of coal, power and renewable energy.

The Indian construction equipment industry is reviving after a gap of four years and is expected to grow to US\$ 5 billion by FY2019-20 from current size of US\$ 2.8 billion, according to a report released by the Indian Construction Equipment Manufacturers' Association (ICEMA).

Foreign Direct Investment (FDI) received in Construction Development sector (townships, housing, built up infrastructure and construction development projects) from April 2000 to March 2017 stood at US\$ 24.3 billion, according to the Department of Industrial Policy and Promotion (DIPP).

## Investments

India is witnessing significant interest from international investors in the infrastructure space. Some key investments in the sector are listed below.

- The infrastructure sector in India witnessed 33 deals in FY 2016-17 involving US\$ 3.49 billion as against US\$ 2.98 billion raised across 31 deals in FY 2015-16, with the majority of deals led by the power, roads and renewable sectors, as per investment bank Equirus Capital.
- Meinhardt Group, an engineering company based in Singapore, plans to establish its position in India as it targets the next wave of India's urban development to meet the country's development needs.
- UAE-based firm, DP World, having previously invested US\$ 1 billion in India, is planning to invest another US\$ 1 billion in India's infrastructure sector along with

logistics and container terminals, stated Mr Sultan Ahmed bin Sulayem, Chief Executive Officer (CEO), DP World.

- I Squared Capital, a global infrastructure investment company, plans to raise up to US\$ 4 billion through its second infrastructure fund, which will be invested in infrastructure assets in India and across the globe.
- Abertis Infraestructuras SA, a Spanish infrastructure firm, has agreed to buy two toll road assets in operation in South India from Macquarie Group for Rs 1,000 crore (US\$ 151 million) to scale up its presence in India.
- GVK Power & Infrastructure Ltd won the bid to develop Mumbai's second airport in Navi Mumbai for Rs 16,000 crore (US\$ 2.39 billion).
- UAE-based Gamma Group, outlined plans of investing around Rs 3,000 crore (US\$ 453 million) in the infrastructure, health and education sectors of Kerala.
- skyTran Inc., a NASA technology partner specialising in developing pod car systems for urban transport, plans to build a one-kilometre pilot track in India at its own cost as per the requirement of the government, which has shortlisted skyTran as one of the three companies chosen to build pod cars on trial basis.
- Infrastructure Leasing and Financial Services Ltd (IL&FS) and global private equity (PE) firm Lone Star plan to jointly invest US\$ 550 million in stressed infrastructure projects in India.

## Government initiatives

The Road Transport & Highways Ministry has invested around Rs 3.17 trillion (US\$ 47.7 billion), while the Shipping Ministry has invested around Rs 80,000 crores (US\$ 12.0 billion) in the past two and a half years for building world class highways and shipping infrastruc-

ture in the country. The Government of India is expected to invest highly in the infrastructure sector, mainly highways, renewable energy and urban transport, prior to the general elections in 2019.

A total of 6,604 km out of the 15,000 km of target set for national highways in 2016-17 has been constructed by the end of February 2017, according to the Minister of State for Road, Transport & Highways and Government of India.

The Government of India is taking every possible initiative to boost the infrastructure sector. Some of the steps taken in the recent past are being discussed hereafter.

- In the Union Budget 2017-18, the Government of India has taken the following measures for the development of infrastructure.
  - Increased total infrastructure outlay and defence capital expenditure by 10 per cent and 20.6 per cent to Rs 396,135 crore (US\$ 59.18 billion) and Rs 86,488 crore (US\$ 13.1 billion) respectively, over FY17 revised estimate.
  - Railway expenditure allocation has increased by 8 per cent to Rs 131,000 crore (US\$ 19.58 billion) for laying down 3,500 km of railway lines in 2017-18.
  - Affordable housing has been given infrastructure status.
  - Lock-in period for long-term capital gains on land and buildings has been reduced from three to two years.
- The Government of India launched a City Livability Index on June 23, 2017, which would measure the quality of life in 116 major cities on a set of 79 parameters.
- The Government of India has approved an investment of Rs 67,523 crore (US\$ 10.49 billion) towards urban development in Maharashtra, thereby recording the highest investment outlay towards urban infrastructure in any state in three years.
- The National Highways Authority of India (NHAI) launched its first overseas issue of Masala Bond at the London Stock Exchange in May 2017, attracting bids worth over Rs 3,000 crore (US\$ 465 million), with aim of raising capital for funding the infrastructure projects in India.
- The Union Cabinet, Government of India, has allowed state government agencies to borrow money from bilateral agencies in other countries to fund its infrastructure projects, in a bid to improve the funding options for infrastructure projects in the country.
- Mr Venkaiah Naidu, Minister of Housing and Urban Poverty Alleviation, Government of India, launched 352 affordable housing projects worth Rs 38,000 crore (US\$ 5.9 billion) in 53 cities across 17 states for building over 200,000 houses costing Rs 18 lakh (US\$ 27,948) per house on average.
- The Government of India plans to invest Rs 11,421 crore (US\$ 1.77 billion) to improve basic urban infrastructure in 61 cities and towns of Uttar Pradesh, having population exceeding 100,000 each by 2019-20, under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme. The government has also approved investments in Tamil Nadu (Rs 11,237 crore or US\$ 1.74 billion), Maharashtra (Rs 6,759 crore or US\$ 1.05 billion), Haryana (Rs 2,544 crore or US\$ 394.32 million), Chattisgarh (Rs 2,192 crore or US\$ 339.76 million), Manipur (Rs 180 crore or US\$ 27.90 million) and Sikkim (Rs 39 crore or US\$ 6.05 million) by 2019-20, under the same scheme.
- The Cabinet Committee on Economic Affairs (CCEA), Government of India, has approved the project to wid-

en the Handia-Varanasi section of National Highway-2 in Uttar Pradesh, which would require an investment of Rs 2,147 crore (US\$ 333.36 million).

- The Government of India has sought Parliament's approval for an additional expenditure of Rs 59,978.29 crore (US\$ 8.96 billion) for supporting the government's rural jobs scheme, building rural infrastructure, urban development and farm insurance.
- The Ministry of Shipping plans to undertake development of 37 national waterways (NWs), out of the 111 NWs declared under the National Waterways Act 2016, in the next three years, which would have positive impact on reduction of overall logistics cost.
- The Government of India has laid out a roadmap to complete 23 Priority-I projects by 2016-17, 31 Priority-II projects by 2017-18 and balance 45 Priority-III projects by December 2019 under the Prime Minister Krishi Sinchayee Yojana (PMKSY) and Accelerated Irrigation Benefits Programme (AIBP).
- The Government of India plans to build 8,000 km of pavements and lay more cycle tracks in 106 cities in the next 5 years with an investment of Rs 80,000 crore (US\$ 11.94 billion), in order to reduce carbon footprint in urban areas and promote activities like walking and cycling.
- The Central Electricity Authority (CEA) expects investment in India's power transmission sector to reach Rs 2.6 lakh crore (US\$ 38.85 billion) during the 13th plan (2017-22), and to enhance the transmission capacity of the inter-regional links by 45,700 megawatt (MW).
- The monetisation of 75 publicly funded highway projects of value Rs 35,600 crore (US\$ 5.32 billion) via toll-operate-transfer (TOT) mode will fetch adequate funds to

finance road construction of 2,700 km length of roads.\*

- The Indian Railways plans to set up a US\$ 5 billion Railways of India Development Fund (RIDF), which will serve as an institutional mechanism for the Railways to arrange funds from the market to finance various infrastructure projects.
- The Ministry Of Urban Development has approved investment of Rs 2,863 crore (US\$ 433 million) in six states under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme, for improving basic urban infrastructure over FY 2017-20.
- Airports Authority of India (AAI) plans to increase its capital expenditure for 2017-18 by 25 per cent to Rs 2,500 crore (US\$ 0.37 billion), primarily to expand capacity at 12 airports to accommodate increase air traffic, as per the Chairman of AAI.
- The Government of India and the Asian Development Bank (ADB) have signed US\$ 375 million in loans and grants for developing 800 kilometer (km) Visakhapatnam-Chennai Industrial Corridor, which is the first phase of a planned 2,500 km East Coast Economic Corridor (ECEC).

## Road ahead

Sweden is interested in smart cities development in India and has put forward a Common Plan of Action for developing sustainable and environment-friendly public transport solutions and solid waste management for the smart cities under development.

The Ambassador of Japan to India, Mr Kenji Hiramatsu, has conveyed Government of Japan's inclination to invest and offer any other feasible support for various ongoing as well as upcoming development and infrastructure projects in the North-Eastern region of India.

# Trade





**I**NDIA grew fastest among major economies at over 7.5 per cent in 2016 and will continue to drive global growth in 2017 with its share in the world GDP expected to rise to 17 per cent, a PWC Study stays. “Asia will remain the fastest growing region of the world, but the spotlight will shift away from China to India and Indonesia.”

During the last 25 years, India’s exports have increased more than 15 times, from US\$ 18.1 billion in 1990- 91 to US\$ 276.280 billion in 2016-17, and India’s imports have increased 17 times, from US\$ 23.5 billion in 1990-91 to US\$ 384.319 billion in 2016-17. India’s share in global exports has moved up from mere 0.6 percent in early nineties to 1.6 percent currently. Likewise, India’s share in global imports has increased from around 0.6 percent during early nineties to 2.4 percent currently.

**Table 1 A - India's trade performance: Percentage share in world trade**

Years	India's share in world merchandise exports	India's share in world commercial services exports	India's share in world merchandise plus services exports
2011	1.7	3.2	1.9
2012	1.6	3.2	1.9
2013	1.7	3.1	2.0
2014	1.7	3.1	2.0
2015	1.6	3.3	2.0

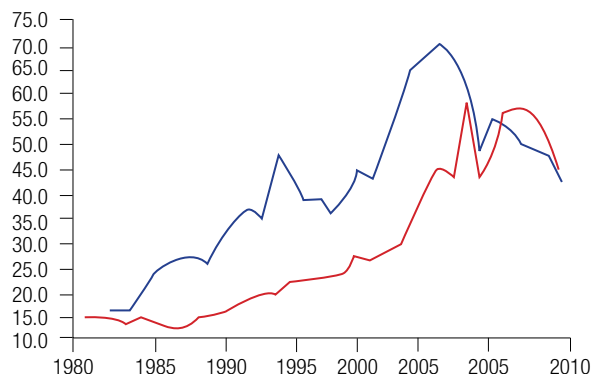
*Source: World Trade Organization and PIB*

**India trades more than China and a lot within itself**

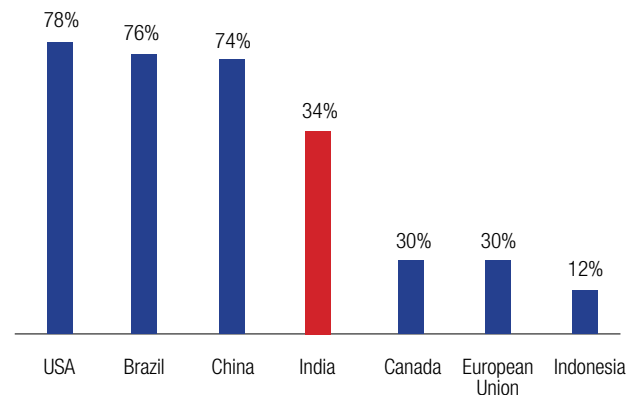
As of 2011, India’s openness – measured as the ratio of trade in goods and services to GDP – has far overtaken

China’s, a country famed for using trade as an engine of growth. India’s internal trade to GDP is also comparable to that of other large countries and very different from the caricature of a barrier-riddled economy.

**Trade (as percent of GDP)**



**Internal trade (as percent of GDP)**

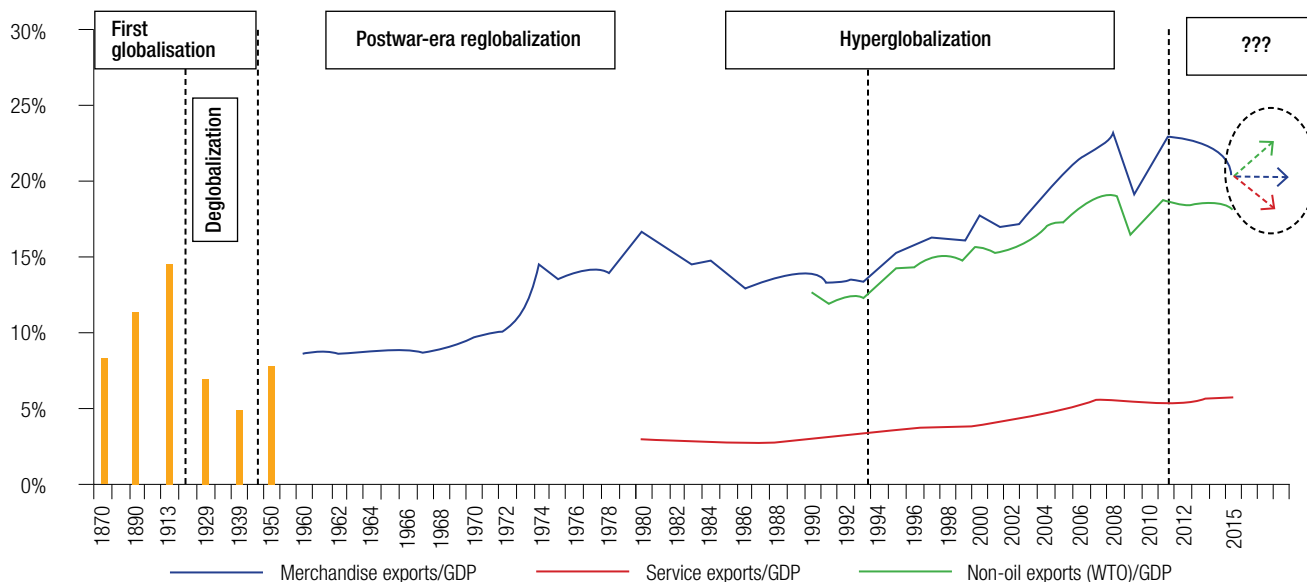


## Globalization and the world (1870 to present)

Recent events suggest that the world cannot bear too much globalization either. What does this mean for India's exports?

The figure plots the trade-GDP ratio for the world since 1870 and highlights four phases. There were two phases of globalization (1870-1914, 1945-1985), one phase of

hyperglobalization (Subramanian and Kessler, 2014) between 1985-2008, and one phase of deglobalization in the inter-war period. The question today is what is likely to happen going forward represented by the three arrows: further globalization, deglobalization, or stagnation? These will have potentially important consequences for Indian exports and growth.



India	
GDP (million current US\$, 2016)	2 256 397
GDP per capita (US\$, 2014-2016)	1 645
Current account balance (% GDP, 2016)	-0.9
Trade per capita (US\$, 2014-2016)	369
Trade (% GDP, 2014-2016)	22.4

India's rank in world trade		
	Exports	Imports
Merchandise	20	14
excluding intra-EU trade	14	9
Commercial services	8	10
excluding intra-EU trade	5	6



**India grew fastest among major economies worldwide at over 7.5 per cent in 2016 and will continue to drive global growth in 2017 with its share in the world GDP expected to rise to 17 per cent, a PWC Study stays. “Asia will remain the fastest growing region of the world, but the spotlight will shift away from China to India and Indonesia”**

Million US\$	Value	Annual percentage change		
	2016	2010-2016	2015	2016
Merchandise exports, f.o.b.	264 020	3	-17	-1
Merchandise imports, c.i.f.	359 065	0	-15	-9
	2016			2016
Share in world total exports (%)	1.65	Share in world total imports (%)		2.21

### Breakdown of India's total exports

By main commodity group, % (2015)



■ Agricultural Products: 10.2    ■ Fuels and mining products: 15.7  
 ■ Manufactures: 68.4    ■ Other: 2.7

### Breakdown of India's total imports

By main commodity group, % (2015)



■ Agricultural Products: 7.1    ■ Fuels and mining products: 33.1  
 ■ Manufactures: 47.8    ■ Other: 12

By main destination, % (2016)



■ European Union (28): 17.6    ■ United States of America: 16.1  
 ■ United Arab Emirates: 11.5    ■ Hong Kong, China: 5.1  
 ■ China: 3.4    ■ Other: 46.3

By main origin, % (2016)

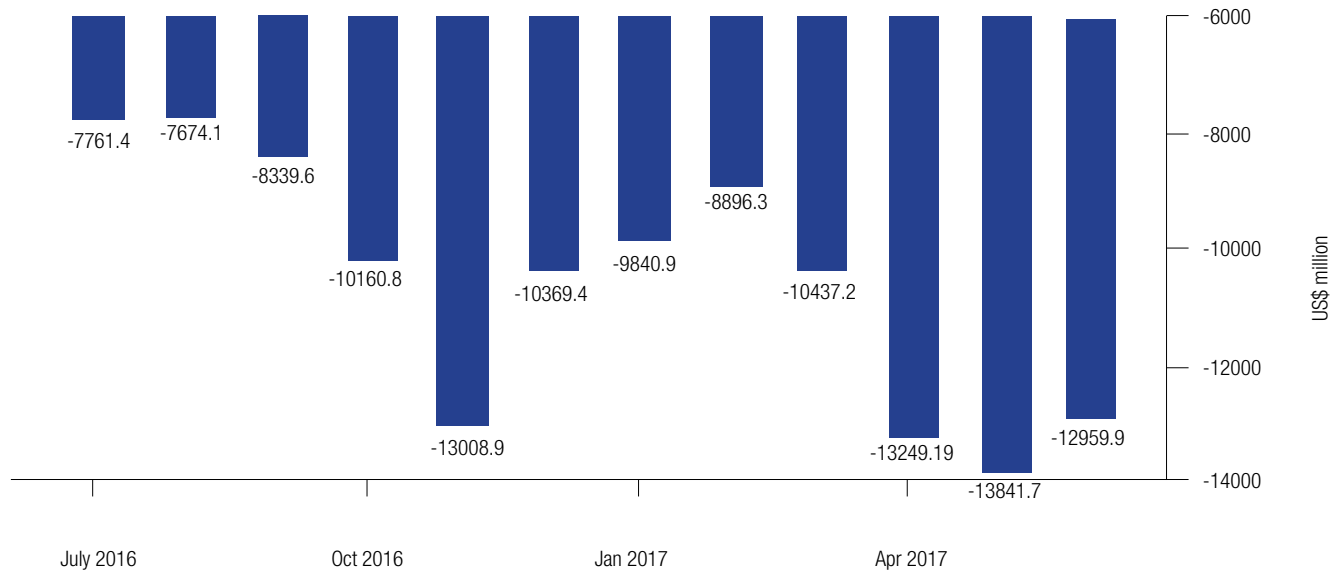


■ China: 17    ■ European Union (28): 11.3  
 ■ United States of America: 5.7    ■ United Arab Emirates: 5.4  
 ■ Saudi Arabia, Kingdom of: 5.2    ■ Other: 55.5

India's trade gap widened 59.7 percent year-on-year to US\$12.96 billion in June of 2017, slightly higher than market expectations of a US\$12.52 billion deficit. Exports increased 4.39 percent to US\$23.56 billion, the least since January. Sales increased for engineering goods (14.78 percent); petroleum products (3.6 percent); organic and inorganic chemicals (13.2 percent); rice (27.29 percent) and marine products (24.27 percent). Shipments of non-petroleum and non gems and jewelry grew 6.02 percent. Imports rose 19 per-

cent to US\$36.52 billion, also the least since January. Purchases increased mainly for petroleum, crude and products (12.04 percent); electronic goods (24.22 percent); pearls, precious and semiprecious stones (86.31 percent); machinery, electrical and non-electrical (7.02 percent) and gold (102.99 percent). Balance of Trade in India averaged US\$-2227.84 million from 1957 until 2017, reaching an all time high of US\$258.90 million in March of 1977 and a record low of US\$-20210.90 million in October of 2012.

### India's balance of trade



Source: [Tradingeconomics.com](http://Tradingeconomics.com) | Ministry of Commerce and Industry, India

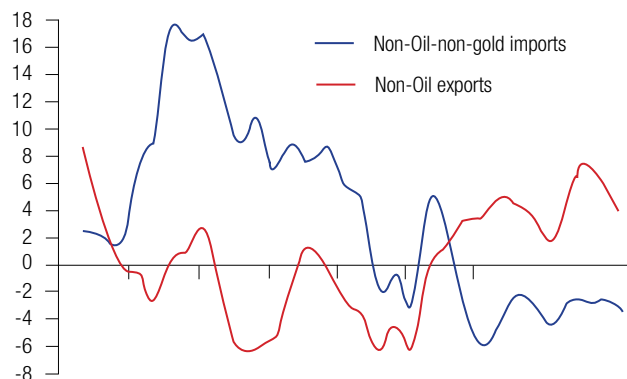
## Merchandise trade

India's trade performance in last five years (US\$ billion)					
Trade Flow	2012-13	2013-14	2014-15	2015-16	2016-17
India's total exports	300.4	313.5	310.34	262.290	276.280
India's total imports	490.7	450.6	447.964	381.006	384.319
Balance of trade	-190.3	-137.1	-137.625	-118.716	-108.039
Total	791.1	764.1	758.301	490.206	660.599

Source: DGFT

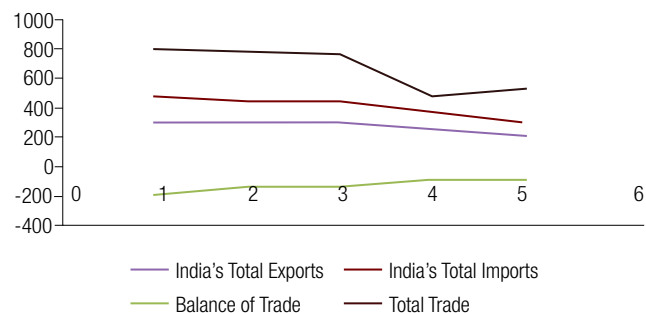
The trade deficit declined by 23.5 per cent in April-December 2016 over corresponding period of previous year. During the first half of the fiscal year, the main factor was the contraction in imports, which was far steeper

**Fig 1: Growth of import and export volume (non-oil, non-gold) index (%) (3 months MA)**



Source: Economic Survey 2016-17

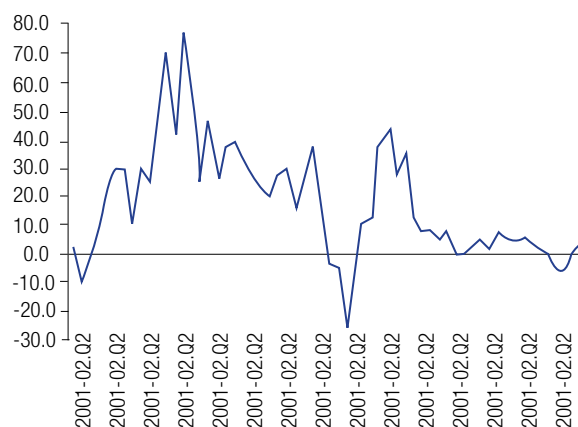
## Trend of India's trade during 2012–2016-17



Source: DGFT

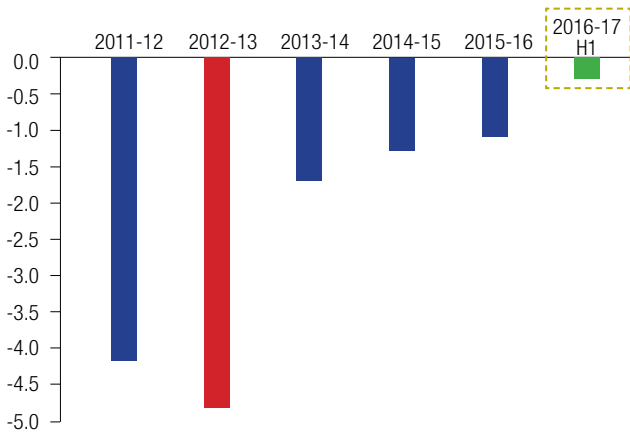
than the fall in exports. But during October-December, both exports and imports started a long-awaited recovery, growing at an average rate of more than 5 per cent (**Figure 1**).

**Fig 2: Growth of Export of Non-Factor Services (%)**



Source: Economic Survey 2016-17

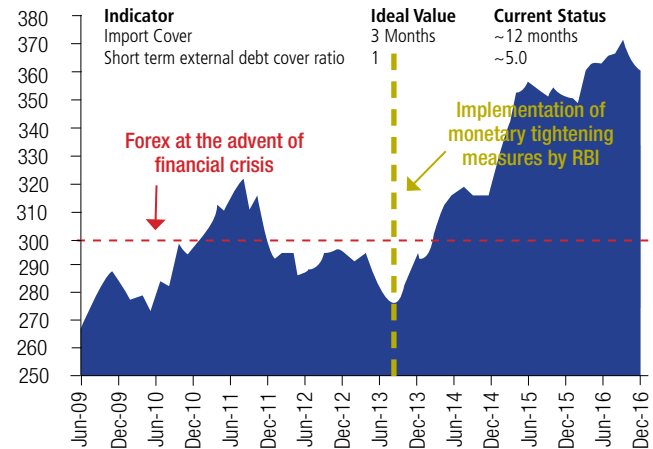
### Current Account Balance (% of GDP)



Source: Economic Survey 2016-17

On the import side, the advantage on account of benign international oil prices has receded and is likely to exercise upward pressure on the import bill in the short

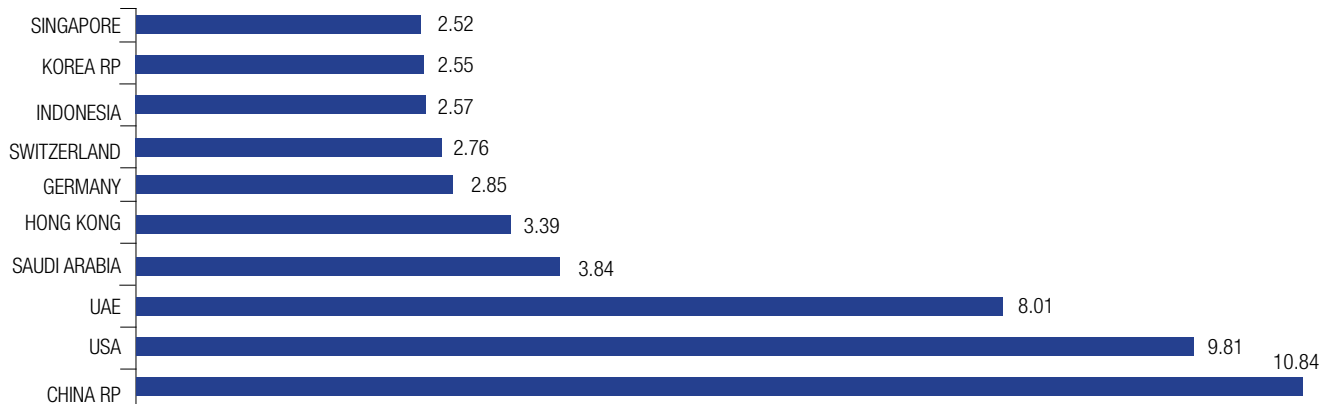
### Foreign Exchange Reserve (US\$ billion)



Source: Economic Survey 2016-17

to medium term. Meanwhile, the net services surplus declined in the first half, as software service exports slowed and financial service exports declined (**Figure 2**).

### India's top 10 trading partners and percentage of their share in the total trade pie 2016-17



## Trade agreements

Over the years, India has entered numerous bilateral and regional trade agreements with key trading partners as an instrument of Department of Commerce to make India a significant player in World trade by 2020. Apart from offering preferential tariff rates on the trading of goods among member countries, these agreements also enable increased economic intellectual property, resulting in enhanced trade liberalization.

## Agreements already concluded

- Agreement of Cooperation with Nepal to Control Unauthorised Trade
- Agreement on Economic Cooperation between India and Finland
- Agreement on SAARC Preferential Trading Arrangement SAPTA
- Agreement on South Asia Free Trade Area SAFTA
- Asia Pacific Trade Agreement APTA
- CECA between The Republic of India and the Republic of Singapore
- Comprehensive Economic Cooperation Agreement between India and Malaysia
- India Africa Trade Agreement
- India Chile PTA
- India Afghanistan PTA
- India ASEAN Agreements
- India Bhutan Trade Agreement
- India Japan CEPA
- India Korea CEPA
- India MERCOSUR PTA
- India Nepal Trade Treaty
- India Sri Lanka FTA
- SAARC Agreement on Trade in Services SATIS

- Treaty of Transit between India and Nepal

## Other agreements/negotiations

- Agreement on implementation of India – Malaysia CECA
- Framework Agreement with MERCOSUR
- Framework Agreement with ASEAN
- Framework agreement with Chile
- Framework Agreement with GCC States
- Framework Agreement with Thailand
- India US Trade Policy Forum Joint Statement
- India and Australia Joint Free Trade Agreement Feasibility Study
- India Bangladesh Trade Agreement
- India Ceylon Trade Agreement
- India DPR Korea Trade Agreement
- India EU Strategic Partnership Joint Action Plan
- India Indonesia Joint Study Group Report
- India Maldives Trade Agreement
- India Mongolia Trade Agreement
- MOU between India and Viet Nam on the recognition of Vietnam as a Full Market Economy
- Mou on Economic Cooperation between India and Costa Rica
- MoU on Economic Cooperation between India and Ecuador

## Regional Comprehensive Economic Partnership (RCEP)

The Regional Comprehensive Economic Partnership (RCEP) is a proposed Free Trade Agreement (FTA) between sixteen countries namely the 10 countries of ASEAN (Brunei, Cambodia, Indonesia, Lao, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam)



and their 6 FTA partners namely Australia, China, India, Japan, South Korea and New Zealand which together control a quarter of the US\$75 trillion global economy.

RCEP is considered to be the biggest FTA opportunity for India with a market size of US\$ 3.4 billion or 49% of the world population and economic size (GDP) of US\$ 17 trillion or 40% of the world s.

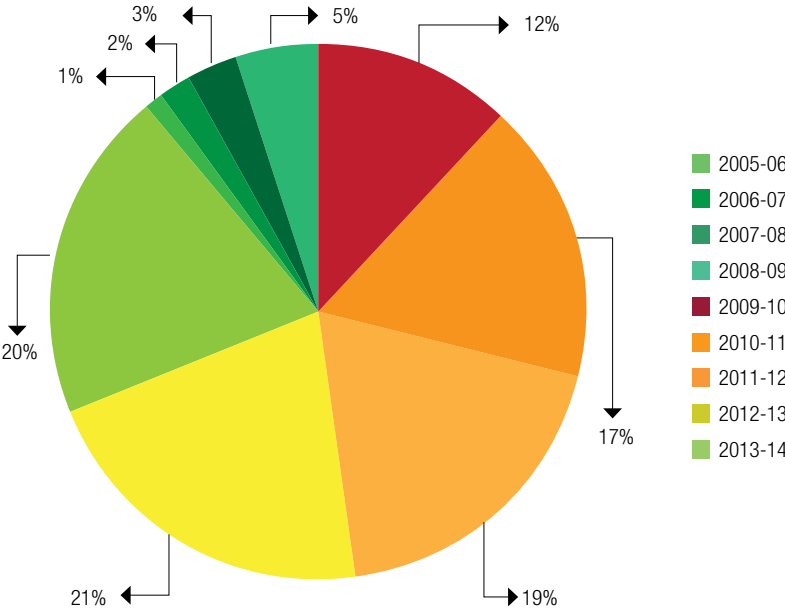
RCEP is expected to contribute 29% of the world trade. From India’s point of view, the RCEP presents a decisive platform which could influence its strategic and economic status in the Asia-Pacific region and bring to

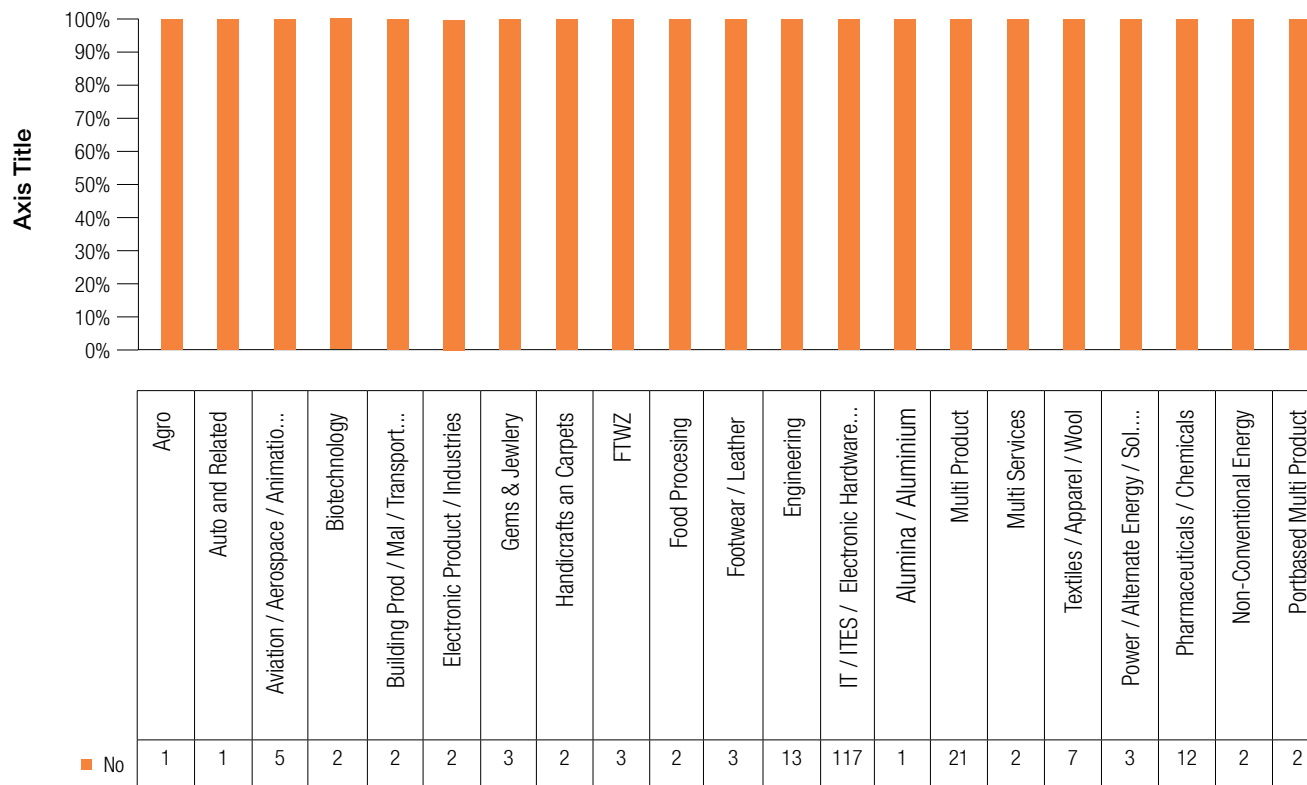
fruition its act east policy.

The RCEP framework also intends to facilitate engagement in global and regional supply chains. The RCEP can provide benefits like larger market access for Indian goods and services and linkage effects of regional and global value chains. Additionally, the framework of RCEP supports equitable economic development, which can be a basis for mutually beneficial agreements on various trade issues given the diverse levels of development and needs of the member countries.19 rounds of talks have been completed so far on this.

**SEZs in India**  
 India was the first country in Asia to realize and introduce the concept of EPZ (Export Processing Zone) model since 1965. Currently 218 SEZs are exporting while 420 had received formal approvals. SEZs have garnered US\$63.38 billion worth of investments with INR 36.77 billion during 2016-17.

Exports in US\$ billion for the last 9 years



**Fig 6: Sectorwise distribution of operational SEZs in India**

Source: DGFT

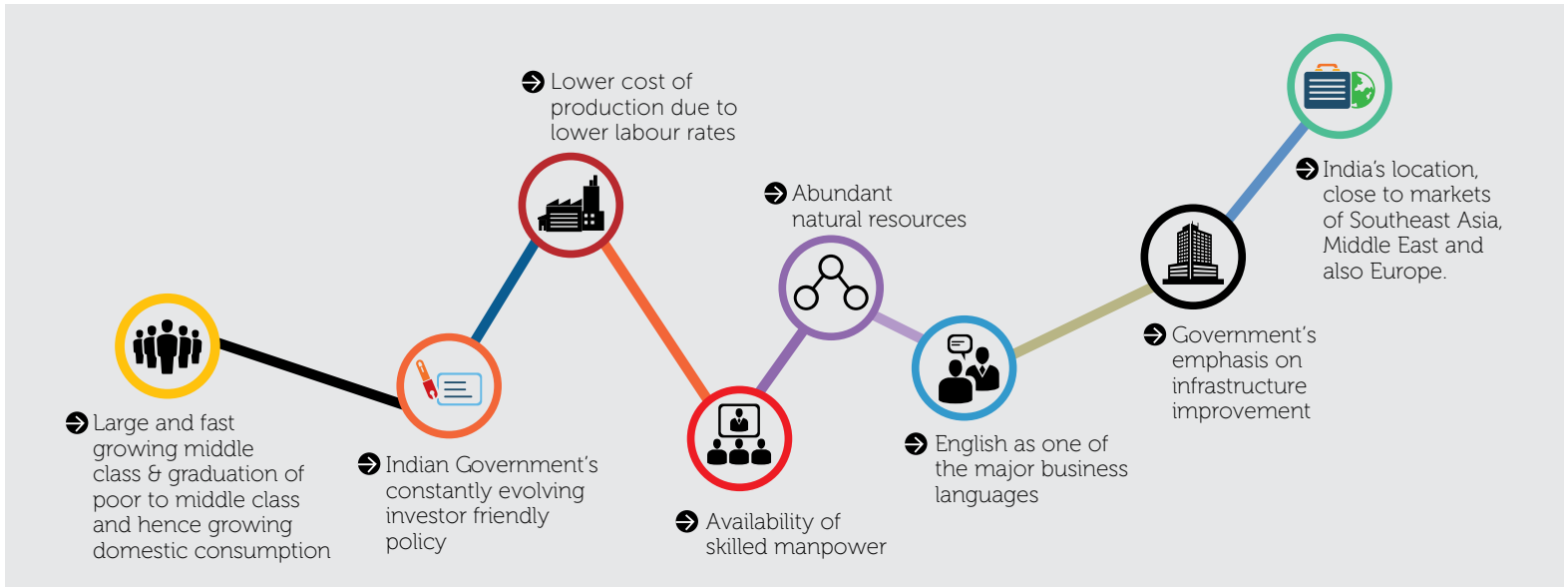
# Investment



**E**CONOMIC activity in both advanced economies and emerging market and developing economies (EMDEs) is forecast to accelerate in 2017-18, with global growth projected to be 3.4% and 3.6%, respectively. India's growth in 2017, is projected as 7.2% and 7.7% in 2018, according to the WEO update. The World Bank has stated that private investments in India is expected to grow by 8.8 per cent in FY 2018-19 to overtake private consumption growth of 7.4 per cent, and thereby drive

the growth in India's gross domestic product (GDP) in FY 2018-19.

According to the United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2016, India acquired 10th slot in the top 10 countries attracting highest FDI inflows globally in 2015. The report also mentioned that among the investment promotion agencies, India has moved up by one rank to become the sixth most preferred investment destination.

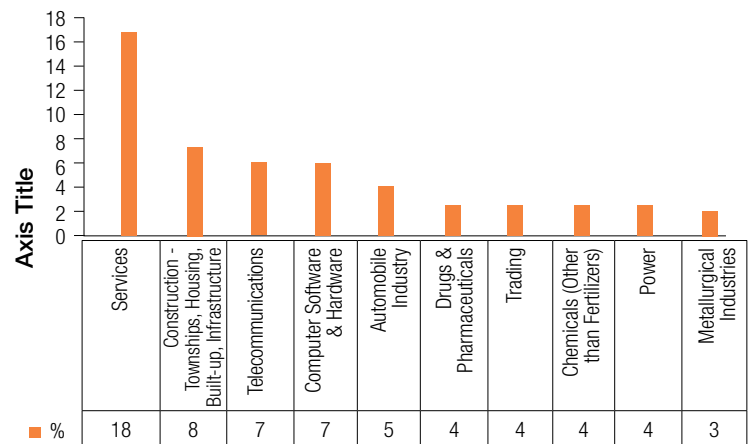


This is on account of India's attempt to implement reforms to unlock the country's investment potential to improve the business environment, liberalized FDI policies, quick solution to the corporate disputes, simplified tax structure, and a boost in both public and private expenditure.

According to the Department of Industrial Policy and Promotion (DIPP), the total FDI investments India received during April 2016-March 2017 rose 8 per cent year-on-year to US\$ 60.08 billion, indicating that government's effort to improve ease of doing business and relaxation in FDI norms is yielding results.

Data for April 2016-March 2017 indicates that the services sector attracted the highest FDI equity inflow of US\$ 8.69 billion, followed by telecommunications – US\$ 5.56 billion, and computer software and hardware – US\$ 3.65 billion. Most recently, the total FDI equity

Top FDI receiving sectors



inflows for the month of March 2017 touched US\$ 2.45 billion.

During April 2016-March 2017, India received the maximum FDI equity inflows from Mauritius (US\$ 15.73 billion), followed by Singapore (US\$ 8.71 billion), Japan (US\$ 4.71 billion), Netherlands (US\$ 3.37 billion), and USA (US\$ 2.38 billion).

Indian impact investments may grow 25 per cent annually to US\$ 40 billion from US\$ 4 billion by 2025, as per Mr Anil Sinha, Global Impact Investing Network's (GIIN's) advisor for South Asia

Data for FY2016-17 indicates that the increase in the FDI inflows was primarily driven by investments in services sector followed by Computer Software, Construction Development and Telecommunications.

India has become the fastest growing investment region for foreign investors in 2016, led by an increase in investments in real estate and infrastructure sectors from Canada, according to a report by KPMG.

Some of the recent significant FDI announcements are as follows

- Toronto-based Canada Pension Plan Investment Board (CPPIB) made investments worth Rs 9,120 crore (US\$ 1.41 billion) in India during FY 2016-17, taking their total investment in India to Rs 22,560 crore (US\$ 3.50 billion).
- SoftBank is planning to invest its new US\$ 100 billion technology fund in market leaders in each market segment in India as it seeks to begin its third round of investments.
- UAE-based firm, DP World, having previously invested US\$ 1 billion in India, is planning to invest another US\$ 1 billion in India's infrastructure sector along with logistics and container terminals.
- Xander Group Inc. and APG Asset Management NV have purchased an Information Technology (IT) Special Economic Zone (SEZ) in South Chennai from Shriram Properties and Infrastructure Pvt. Ltd and SUN-AREA Property Partners for a consideration of approximately US\$ 350 million.
- The infrastructure sector in India witnessed 33 deals in FY 2016-17 involving US\$ 3.49 billion as against US\$ 2.98 billion raised across 31 deals in FY 2015-16, with the majority of deals led by the power, roads and renewable sectors, as per investment bank Equirus Capital.
- Developers from China and Japan will invest US\$ 3-4 billion in India's real estate sector over the next three years owing to positive regulatory reforms taken by the Government of India such as implementation of the Real Estate Investment Regulatory Act, as per Mr Christian Ulbrich, Chief Executive Officer (CEO), JLL Inc.
- Walmart, global retail giant, plans to open 50 new cash-and-carry stores in India over the next three to four years and locate half of the stores in Uttar Pradesh and Uttarakhand while creating over 40,000 jobs in the two states.
- Global e-commerce giant, Amazon is planning to enter the Indian food retailing sector by investing US\$ 515 million in the next five years, as per Mr Harsimrat Kaur Badal, Minister of Food Processing Industries, Government of India.
- The Government's Make in India campaign has attracted investment across sectors from various Chinese companies, as is evident from cumulative Foreign Direct Investment (FDI) inflows of Rs 9,933.87 crore (US\$ 1.54 billion) between 2014 and December 2016.

- The capital inflows to India from Canadian institutional investors was estimated to reach over US\$ 6.5 billion in March 2016, making Canada the fifth largest foreign direct investment (FDI) partner of the country, with major investments in infrastructure projects by Brookfield, Canada Pension Plan Investment Board (CPPIB), Ontario Teachers and Fairfax, among other institutions.
- Coca-Cola, the US-based beverage giant, plans to invest around Rs 750 crore (US\$ 116.20 million) to set up a food processing unit and a bottling plant at the newly developed Mohasa-Babai industrial estate in Hoshangabad, Madhya Pradesh.
- Cairn India Limited, India's largest onshore crude producer, plans to invest around Rs 30,000 crore (US\$ 4.65 billion) in the next three years, to increase

## Make in India: a doorway to business opportunities

Make in India is the Indian Government's flagship program, intended to help turn India into a global manufacturing hub. It aims to:

- Promote the manufacturing of low-cost, eco-friendly and zero-defect products
- Foster innovation
- Enhance skill development
- Protect intellectual property
- Build best-in-class manufacturing infrastructure

In support of the Make in India initiative, the Government has embarked on a series of actions, including those outlined below.

- 1** A new trade policy: export and import taxes on small volumes of goods have been abolished, and incentives have been introduced for export-oriented units (EOUs) and export processing zones (EPZs).
- 2** New labor laws: these include a "single-window" labor

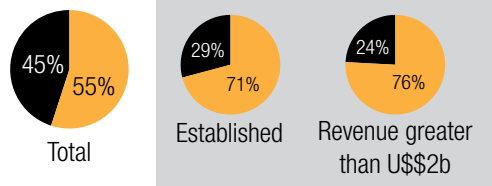
compliance process for companies, simpler Provident Fund (compulsory employee insurance and pension) procedures and a new inspection scheme.

- 3** Simplification of regulatory compliance: to make doing businesses easier, companies can now obtain environmental approvals and licenses online.
- 4** Improvement of its resource management program: India has ample reserves of natural resources, including bauxite, coal and iron ore, that can fuel its manufacturing ambitions. The Government is taking steps to ensure they are used more efficiently. It concluded several coal block auctions in early 2015, enabling companies to access these resources. The Government is also encouraging solar and wind renewable power generation projects.
- 5** Focus on skill development: to ensure workers have the right skills, the Government launched its Skill India initiative to help the development of manufacturing. The initiative will train over 500 million young people by 2020 to make them more employable.

Source: *Make in India website, makeinindia.com, accessed 22 June 2015.*

**Make in India strikes a chord with existing investors, but needs to increase awareness among those not present in India**

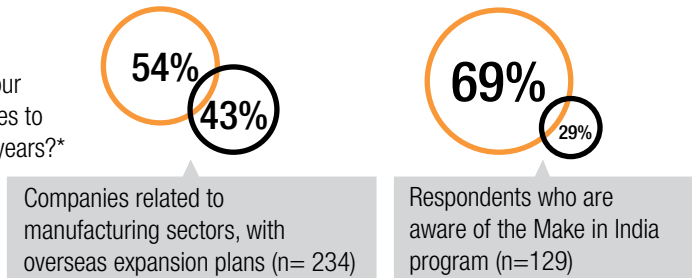
Are you aware of the Indian Government's Make in India program?



■ Yes  
■ No

**Those aware are more upbeat about expansion plans**

How likely are you to expand or relocate your manufacturing facilities to India in the next five years?\*



○ Likely  
○ Unlikely

Source: EY's 2015 India attractiveness survey.

Note: the question on awareness of the Make in India program was asked to respondents from companies related to manufacturing sectors, with overseas expansion plans: 234 respondents, established: 173, non-established: 61; Companies with revenue greater than US\$2b:102,

\*Remaining responded "can't say".

Within six months of its announcement, 55% of our survey's respondents were aware of the Make in India program. However, there is a need to create visibility for the campaign among non-established players, as only 10% of those without a presence in India were aware of it.

Prime Minister Modi has sought to promote the Make in India program overseas and has visited more than 25 countries, including the US, Japan, Germany, China, Korea and Australia (by July 2015), securing significant commitments.

Overall, 70% of respondents from companies with revenue above US\$2b said they plan to expand or relocate manufacturing facilities to India in the next five years.

## Gross share of top investing countries FDI equity inflows

*Amount Rupees in crores (US\$ in millions)*

Ranks	Country	2014-15 April –March	2015-16 April –March	2016-17 April 16–Dec ,16	Cumulative Inflows (April '00 –Dec '16)	%age to total Inflows (in terms of US \$)
1	MAURITIUS	55,174 (9,030)	54,706 (8,355)	86,033 (12,819)	566,396 (108,729)	34%
2	SINGAPORE	41,350 (6,742)	89,510 (13,692)	47,659 (7,115)	304,325 (52,994)	16%
3	JAPAN	12,752 (2,084)	12,275 (2,614)	28,522 (4,249)	139,193 (25,215)	8%
4	U.K.	8,769 (1,447)	5,938 (898)	8,480 (1,266)	124,071 (24,374)	8%
5	U.S.A	11,150 (1,824)	27,695 (4,192)	13,010 (1,940)	107,585 (19,884)	6%
6	NETHERLANDS	20,960 (3,436)	17,275 (2,643)	16,749 (2,500)	111,283 (19,814)	6%
7	GERMANY	6,904 (1,125)	6,361 (986)	6,091 (907)	50,961 (9,537)	3%
8	CYPRUS	3,634 (598)	3,317 (508)	3,752 (559)	46,433 (9,111)	3%
9	FRANCE	3,881 (635)	3,937 (598)	2,812 (419)	29,337 (5,531)	2%
10	UAE	2,251 (367)	6,528 (985)	4,128 (613)	25,776 (4,643)	1%
TOTAL FDI INFLOWS FROM ALL COUNTRIES*		189,107 (30,931)	262,322 (40,001)	240,385 (35,844)	1,736,244 (324,478)	

Source: DIPP, Govt. of India



**Sectors with their FDI Cap and Route (as on 08.07.2016)**

<b>S NO.</b>		<b>Sector/Activity</b>	<b>Cap</b>
1.	Agriculture	100% - Automatic	
2.	Plantation Sector	100% - Automatic	
3.	Mining of metal and non-metal ores	100% - Automatic	
4.	Mining – Coal & Lignite	100% - Automatic	
5.	Manufacturing	100% - Automatic	
6.	Broadcasting Carriage Services ( Teleports, DTH, Cable Networks, Mobile TV, HITS)	100% - Automatic	
7.	Broadcasting Content Service - Up-linking of Non-'News & Current Affairs' TV Channels/ Down-linking of TV Channels	100% - Automatic	
8.	Airports – Greenfield	100% - Automatic	
9.	Airports – Brownfield	100% - Automatic	
10.	Air Transport Service - Non-Scheduled	100% - Automatic	
11.	Air Transport Service - Helicopter Services/ Seaplane Services	100% - Automatic	
12.	Ground Handling Services	100% - Automatic	
13.	Maintenance and Repair organizations; flying training institutes; and technical training institutions	100% - Automatic	
14.	Construction Development	100% - Automatic	
15.	Industrial Parks -new and existing	100% - Automatic	
16.	Trading – Wholesale	100% - Automatic	
17.	Trading – B2B E-commerce	100% - Automatic	
18.	Duty Free Shops	100% - Automatic	
19.	Railway Infrastructure*	100% - Automatic	
20.	Asset Reconstruction Companies	100% - Automatic	
21.	Credit Information Companies	100% - Automatic	
22.	White Label ATM Operations	100% Automatic	
23.	Non-Banking Finance Companies	100% - Automatic	
24.	Pharma – Greenfield	100% - Automatic	
25.	Petroleum & Natural Gas - Exploration activities of oil and natural gas fields	100% - Automatic	
26.	Petroleum refining by PSUs	49% -FDI cap – Automatic	

S NO.		Sector/Activity	Cap
27.	Infrastructure Company in the Securities Market	49% - FDI cap – Automatic	
28.	Commodity Exchanges	49% - FDI cap – Automatic	
29.	Insurance	49% - FDI cap – Automatic	
30.	Pension	49% - FDI cap – Automatic	
31.	Power Exchanges	49% - FDI cap – Automatic	
32.	Defence Industry subject to Industrial License under the Industries (Development & Regulation) Act, 1951	49%- Automatic Beyond 49% – under Government route on a case to case basis	
33	3. a. Banking (private) sector- FDI cap 74%	Automatic upto 49% and Government route beyond 49% and upto 74%	
34	3. b. Banking- Public Sector. –FDI cap 20%	20% cap of FDI Government	
35	Satellites – establishment and operation , subject to the sectoral guidelines of Department of Space/ISRO	100%- Government	
36	Print Media a. Publishing of newspaper and periodicals dealing with news and current affairs and Indian editions of Foreign Magazines b. Publishing of scientific magazines / speciality journals/periodicals	a. 26% - Cap of FDI b. 100% - Both through Government	
37.	Telecom Services (including Telecom)	Automatic up to 49% and Government route beyond 49%.	
38.	a. Single Brand Product Retail Trading	Automatic upto 49% and Government route beyond 49%	
	b. Multi Brand Retail Trading	51% Cap in FDI -Government route entirely	
39.	Private Security Services	49% cap of FDI Government	

*\*Proposals involving FDI beyond 49% in sensitive areas from security point of view, to be brought by the Ministry of Railways before the Cabinet Committee on Security (CCS) for consideration on a case to case basis.*

output by as much as 100,000 barrels a day of oil and gas from its Rajasthan fields.

- Ford Motor Co. plans to invest Rs 1,300 crore (US\$ 195 million) to build a global technology and business centre in Chennai, which will be designed as a hub for product development, mobility solutions and business services for India and other markets.
- China based LCD and touchscreen panel manufacturer, Holitech Technology, plans to invest up to US\$ 1 billion in India by 2017, as per the company's CEO Mr Bingshuang Chen.
- Mr Abdul Lahir Hassan, Chairman of UAE-based Gamma Group, outlined plans of investing around Rs 3,000 crore (US\$ 436.5 million) in the infrastructure, health and education sectors of Kerala, which is expected to generate around 2,000 indirect and direct jobs in the state.
- Mr Stephane Descarpentries, Director of operations FM Logistic Asia, outlined plans of investing around EUR 50 million (US\$ 52.9 million) in India in the next four years, to contribute to a better efficiency of logistics market in the country.
- The first Incredible India Tourism Investment Summit 2016, which was organised from September 21-23, 2016, witnessed signing of 86 Memoranda of Understanding (MoUs) worth around Rs 15,000 crore (US\$ 2.18 billion), for the development of tourism and hospitality projects.
- Apple Inc has started its first development centre outside the US in Hyderabad, which will employ over 4,000 people and focus on Apple Maps, the company's digital maps and navigation service

India has the most liberal and transparent policies on foreign direct investment (FDI) among major econo-

mies of the world.

With more than 90 per cent of the foreign direct investment proposals coming through the automatic route, FIPB has been abolished, the body which clears FDI plans up to Rs 5,000 crore. The government will announce more measures to attract FDI, reform labour laws and push digital payments.

- 100% FDI is allowed under the automatic route in all sectors/activities except in few areas, which require prior approval of the Government. Under automatic route, investors are required to only notify the Reserve Bank of India within 30 days of receipt of inward remittances.

### ***Sector-wise prohibition of FDI***

Foreign investment is prohibited in the following sectors:

(Source: RBI)

- i. Lottery Business including Government/ private lottery, online lotteries, etc
- ii. Gambling and Betting including casinos etc.
- iii. Chit funds
- iv. Nidhi company
- v. Trading in Transferable Development Rights (TDRs)
- vi. Real Estate Business or Construction of Farm Houses
- vii. Manufacturing of Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes
- viii. Activities / sectors not open to private sector investment e.g. (I) Atomic energy and (II) Railway operations (other than permitted activities mentioned in entry 18 of Annex B).

*Note: Foreign technology collaboration in any form including licensing for franchise, trademark, brand*

*name, management contract is also prohibited for Lottery Business and Gambling and Betting activities.*

***Modes of payment allowed for receiving Foreign Direct Investment in an Indian company***

*(Source: Reserve Bank of India)*

An Indian company issuing shares/ convertible debentures to a person resident outside India shall receive the amount of consideration by:

- a. inward remittance through normal banking channels;
- b. debit to NRE/ FCNR (B) account of a person concerned maintained with an AD Category I bank;
- c. debit to non-interest bearing Escrow account in Indian Rupees in India which is opened with the approval from AD Category – I bank and is maintained with the AD Category I bank on behalf of residents and non-residents towards payment of share purchase consideration;
- d. conversion of royalty/ lump sum/ technical know-how fee due for payment or conversion of ECB;
- e. conversion of pre-incorporation/pre-operative expenses incurred by the a non-resident entity up to a limit of five percent of its capital or US\$500,000 whichever is less;
- f. conversion of import payables/ pre incorporation expenses/ can be treated as consideration for issue of

shares with the approval of FIPB;

g. against any other funds payable to a person resident outside India, the remittance of which does not require the prior approval of the Reserve Bank or the Government of India: and

h. Swap of capital instruments, provided where the Indian investee company is engaged in a Government route sector, prior Government approval shall be required

If the shares or convertible debentures are not issued within 180 days from the date of receipt of the inward remittance or date of debit to NRE/ FCNR (B)/ Escrow account, the amount shall be refunded. Further, Reserve Bank may on an application made to it and for sufficient reasons permit an Indian Company to refund/ allot shares for the amount of consideration received towards issue of security if such amount is outstanding beyond the period of 180 days from the date of receipt.

***Attractiveness of India over the past few years and future perception: Some observations***

While the speed of India's economic reforms may vary, the direction is firmly set toward higher growth. There is a new vibrancy in India, a new energy. We have opened up all the major sectors to FDI and are the world's most open economy. Every sector, except for multibrand retailing, is now open. This has contributed to a 48% upsurge in FDI this year in dollar terms.

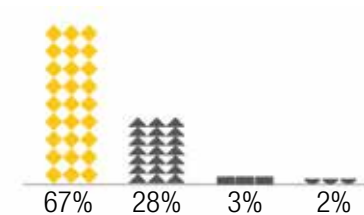
## India's top FDI destinations

### Bengaluru

9.4%  2.4b

The technology hub of India attracted more than 45% of the investments in the TMT sector (electronic components and software and IT services), as the Government offers 50% capital subsidy on R&D units, Industrials (diversified) is picking up pace: foreign investors initiated six industrial projects worth US\$236 million in 2014, up from just one in the previous year,

- The new Industrial Policy (2014-19) is in place to attract INR5 trillion (US\$83b) of investments and create 1.5 million jobs in manufacturing, particularly industrial.

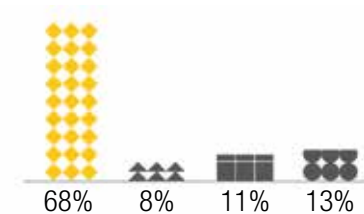


### Mumbai

8.6%  2.1b

The financial capital of India received most interest in the financial services sector, with 14 projects, worth US\$734 million, in 2014. The UAE was the top investor in the financial services sector, while the US is investing in the TMT sector

- Rapid Urbanization is happening in the suburbs nearby Mumbai (Navi Mumbai, Thane, etc.) as cost and resources constrain the city. This will open opportunities for financial services, technology and infrastructure sectors.

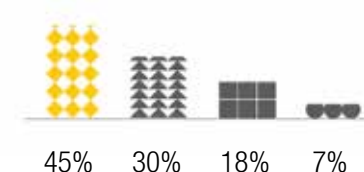


### Delhi-NCR

6%  1.5b

In 2014, FDI in the Delhi-NCR region slipped to US\$15 billion, from US\$23 billion in 2013. The FDI landscape in the region is dominated by infrastructure investments, as the NCR region (nearby area to the capital city) continues to witness a high urbanization rate. Also, as the region hosts a vast talent pool, it is the hub of various MNCs, particularly in the business services domain.

- The Delhi-NCR region has developed into a strong business centre, attributable to high talent availability in the region and also being the country's capital. As the urbanization rate and geographical spread of the Delhi-NCR region expands further, it is expected to continue attracting investment.



## Hyderabad

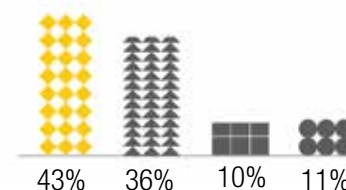
5.4%



1.4b

The city received the highest number of projects in the past five years, worth US\$1.4b. Most of the investment was directed toward the financial services and consumer products sectors, with life sciences picking up. After the split of Telangana from Andhra Pradesh, Hyderabad became the joint capital of the two states and is, therefore, receiving special focus.

- A new industrial policy was launched in 2015, with a focus to promote manufacturing and enhance ease of doing business. The State Government has created a land bank of more than 150,000 acres for industrial purposes.



## Pune

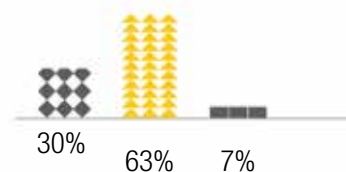
5.3%



1.3b

Pune attracted smaller projects- most of them toward the TMT sector. In terms of FDI capital, automotive was the most attractive sector.

- Large IT parks, such as Hinjawadi and Magarpatta and three SEZs in Pune, offer IT and Software services companies a robust infrastructure to set up operations at a reasonable cost



## Chennai

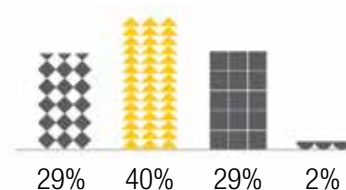
4.5%



1.1b

TWIT and automotive were the most preferred sectors in Chennai. Chennai Port has a dedicated berth for automobile exports. Also, the modern Chennai Port acts as a gateway for exports and imports.

- The Government's Super-Mega Policy - investment of INR15b-INR40b (US\$250m-US\$670m) and Ultra Mega Policy- investment over INR15b-INR40b (US\$250m-US\$670m) for integrated automobile projects will attract investors.



# India's engineering sector

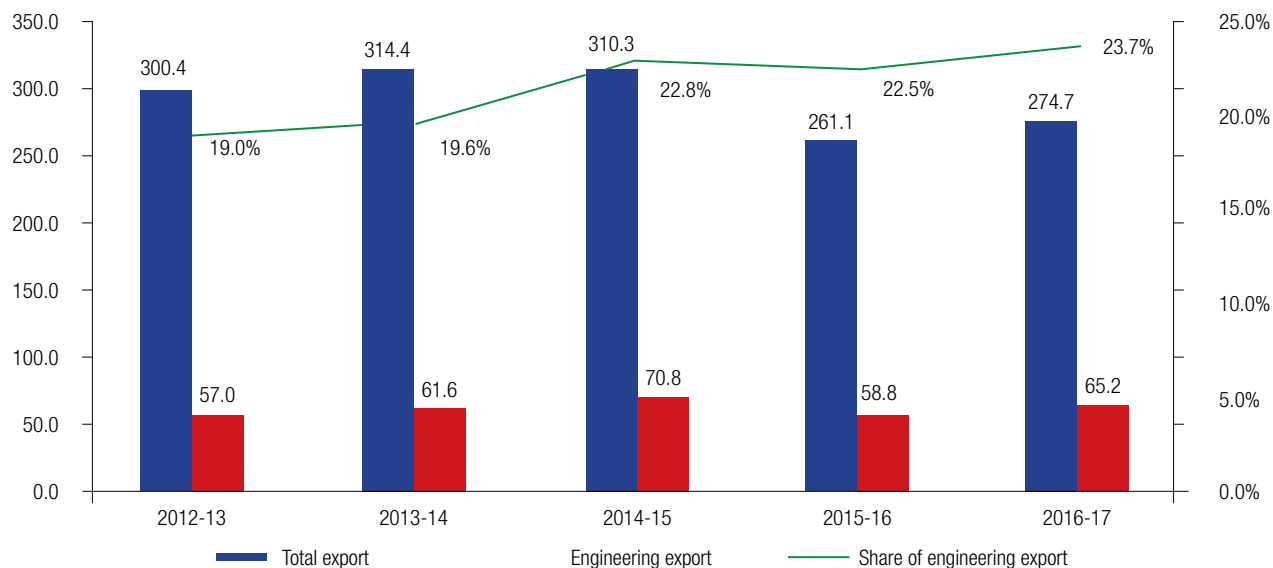


**T**HE Indian engineering sector has witnessed remarkable growth over the last few years driven by increased investments in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to India's economy. India on its quest to become a global superpower has made significant strides towards the development of its engineering sector. Development in sectors such as infrastructure, power, mining, oil and gas, refinery, steel, automotives, and consumer durables are driving demand in the engineering sector.

## India's engineering exports

Engineering exports from India has been steadily growing and the performance has exceeded all expectations ever since the birth of EEPC India. Apart from being one of the largest stakeholders contributing more than 20% of total merchandise exports, the engineering exporters are the foremost net foreign exchange earner in the country. India's engineering exports increased by 11.3% year-on-year to US\$ 65.2 billion during 2016-17 as against US\$ 58.8 billion in the previous fiscal. Following figure shows trend in India's engineering exports in last few years:

### Trend in India's overall merchandise exports and engineering exports



Source: DGCI&S, Govt. of India

### Important facts about the sector

- India exports engineering goods to around 228 countries;
- USA like before is the most desired destination for India's engineering exporters with 10.8% share in total engineering exports during 2016-17. UAE was the immediate follower of USA with 6.2% share keeping Singapore next to it with 4.3% share;
- Region wise, EU retains its top position as importer of Indian engineering products with 21.3 % share in 2016-17 followed by ASEAN+2 (15.7% share) and North America (15.3% share).

### Recent trend in India's engineering exports (2016-17)

- Growth of India's engineering exports outperformed that of the overall merchandise export by registering 11.3 percent y-o-y growth during 2016-17;
- Exports during 2016-17 witnessed a higher growth y-o-y as against 17.2 percent decline in the previous fiscal.
- Out of 33 engineering panels, 21 panels recorded positive growth in exports in 2016-17;
- Iron and Steel exports jumped by over 60 percent during 2016-17 with an overseas shipment of US\$



8708.26 million from US\$ 5423.32 million in previous year;

- Non-Ferrous Metals and Products made of Non-Ferrous Metals, Industrial machinery, Electrical machinery, Auto and auto components, Ships Boats and Floating products, Medical & scientific equipments, Railway and Transport equipments, Office Equipments, Accumulator and Batteries and Prime mica & mica products also registered positive growth during 2016-17 over previous year;
- EU ranks as the region with highest shipment of engineering products from India during 2016-17 with a share of more than 21% of total engineering exports;
- India's engineering exports to ASEAN+2 and CIS countries recorded highest noteworthy positive growth in 2016-17.

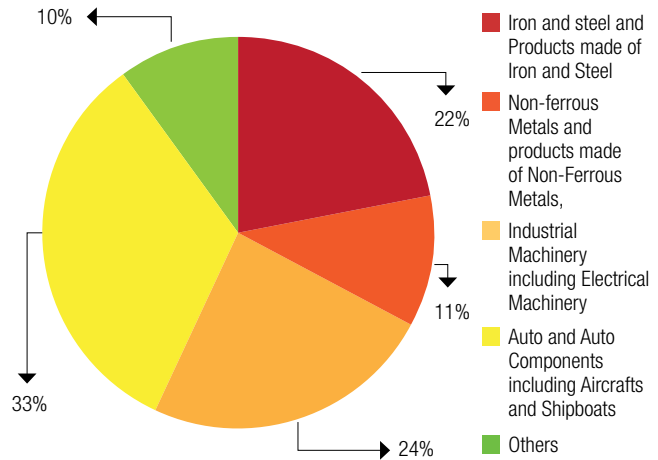
**Inflow of foreign investments**

- Cumulative FDI inflows into the engineering sector increased to US\$28.22 billion in FY16 from US\$8.9 billion in FY10;
- The government's increasing focus on attracting foreign investors in manufacturing and infrastructure is likely to boost FDI in the sector;
- During 2010-2016, there has been a 195.5% rise in cumulative FDI flows into the Indian engineering industry.

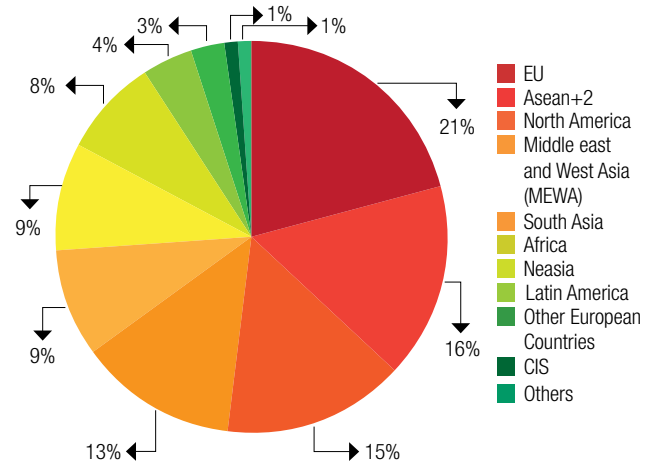
Source : Department of Industrial Policy & Promotion, TechSci Research

Notes: Cumulative from April 2000 to March 2016, FDI inflows includes Automobile industry, Electrical equipment, Miscellaneous mechanical and engineering industry, Industrial machinery, Machine tools, Agriculture machinery, Earth-moving machinery and Industrial instrument

**Exports performance of principle engineering commodities (2016-17)**



**Region-wise India's engineering exports during 2016-17**



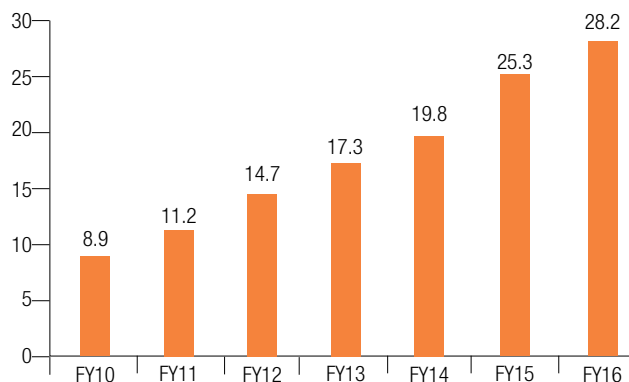
Source: EEPC India analysis

## Investment in Indian engineering sector

In the recent past there have been many major investments and developments in the Indian engineering and design sector:

- India's Texmaco Rail & Engineering has signed a memorandum of understanding (MoU) with Russia's ROSOBORONEXPORT(ROE) for modernization of Armoured Vehicles operated by the Indian Army.
- Toshiba Transmission and Distribution Systems (India) Pvt Ltd has bagged Rs 226 crore (US\$ 33.46 million) contract from Kenya Power and Lighting Company for around 8,000 distribution transformers.
- Essar Projects, the engineering, procurement & construction (EPC) arm of Essar Group, in a joint venture with Italy's Saipem has won a US\$ 1.57 billion contract for setting up part of the Al-Zour Refinery Project in Kuwait.
- India's engineering and construction major, Punj Lloyd, won an order worth Rs 477 crore (US\$ 71.87 million) for Ennore LNG tankage project from Mitsubishi Heavy Industries of Japan.
- Vistara, the Tata Sons-Singapore Airlines JV, signed an agreement with Airbus for engineering support services which include components supply and airframe maintenance.
- Engineers India Ltd (EIL) inked a US\$ 139 million consultancy deal for a 20 million tonnes (MT) refinery and polypropylene plant being built in Nigeria by Dangote Group.
- Reliance Infrastructure acquired India's largest ship building and heavy industries company Pipavav Defence and offshore Engineering Company Limited, whose infrastructure will facilitate Reliance Infrastruc-

## Cumulative FDI inflows in engineering sector (US\$ billion)



ture to build submarines and aircraft carriers on the back of a technological alliance with Swedish defence company SAAB.

- Royal Enfield, a two wheeler division of Eicher Motors, acquired UK based design and engineering company Harris Performance Products Ltd, whose expertise, knowledge and understanding of motorcycling will help Eicher Motors achieve leadership in the global mid-sized motorcycling segment.
- Bharat Forge acquired Mecanique Generate Langroise (MGL), French oil and gas machining company, via its German arm CDP Bharat Forge GmbH. Bharat Forge will benefit from MGL's expertise in precision machining and other high value processes like cladding which have critical application in the oil and gas industry.
- Leading aircraft maker Airbus announced it has begun sourcing components for almost all its jets from India and it aims to take its cumulative sourcing from India to US\$ 2 billion by 2020.

### **Recent Government Initiatives to boost the engineering sector**

- The Indian engineering sector is of strategic importance to the economy owing to its intense integration with other industry segments. The sector has been de-licensed and enjoys 100 per cent FDI.
- With the aim to boost the manufacturing sector, the government has relaxed the excise duties on factory gate tax, capital goods, consumer durables and vehicles.
- It has also reduced the basic customs duty from 10 per cent to 5 per cent on forged steel rings used in the manufacture of bearings of wind operated electricity generators.
- The Government of India in its Union Budget 2016-17, has announced that the duty drawback scheme has been widened and deepened to include more products and countries.
- The government has also taken steps to improve the quality of technical education in the engineering sector by allocating a sum of Rs 500 crore (US\$ 75.33 million) for setting up five more IITs in the states of Jammu, Chhattisgarh, Goa, Andhra Pradesh and Kerala.
- Steps have also been taken to encourage companies to perform and grow better. For instance, EIL was recently conferred the Navaratna status after it fulfilled the criteria set by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India. The conferred status would give the state-owned firm more financial and operational autonomy.
- Government of India has also taken initiatives to provide a level playing field to domestic and foreign private players bidding for the government contracts in defence sector. The government has withdrawn excise and customs duty exemptions granted to goods manufactured and supplied to the defence ministry by state-owned defence firms. These steps will also encourage participation of foreign Original Equipment Manufacturers such as Boeing, Airbus, Lockheed Martin, BAE Systems, etc., in the sector.



## Tax and other regulatory measures

Tax is imposing financial charges on an individual or company by the central or state governments.

### Tax system in India

The taxation system in the Republic of India is quite well structured. The Department of Revenue of the Finance Ministry of the Government of India is responsible for the computation; levy as well as collection of most the taxes in the country. However, some of the taxes are even levied solely by the Local State Bodies or the respective governments of the different states in the nation.

### Changes in the Indian taxation system

Over a period of 10 years to 15 years, the tax system in the nation has undergone some significant changes. The entire system has been tremendously reformed. The slabs for the imposition of taxes have been modified. Besides that, the rates at which any particular tax is being levied have been restructured as well as the various laws that govern the levying of taxes were being simplified. All of these reformations have resulted in the following:

- Better compliance
- Better enforcement
- Easy payment of the levied taxes

### Tax incentives in India

The India Government offers tax incentives that are subject to some specified conditions. Such incentives are provided for the following:

- Allowance for accelerated depreciation
- Corporate profit
- Certain expense deduction on the basis of some particular conditions
- A tax incentive is available for any fresh investment in any of the below mentioned sectors
- Companies involved in Research and Development
- Development of housing projects
- Development by undertakings
- Food processing industry
- Infrastructure
- Mineral oil production and refining
- Operating industrial places Organisations handling food grains
- Power distribution
- Hospitals located in the rural areas

Income Tax Rate is the vital part of the income tax as charged by the Indian government on taxable incomes of the individuals, companies, co-operative societies, firms, trusts and any other artificial person.

The income tax, which is calculated on the basis of India income tax rate, is levied on each of the individual person and is governed by the Indian Income Tax Act. 1961. It is the Ministry of Finance along with the Government of India, which determines the India income tax rate.

## NEW INCOME TAX RATES

### Income Tax slab rates (2017-18) for individuals below 60 or HUF

This income tax slab rate is concerned to most of the citizens. Among this category most of the taxpayers are from the salaried class. This income tax slab rate of 2017-18 is applicable to those who born on or after 1ST April 1957.

Income Tax slabs for 2017-18	Tax rate
Taxable income is less than Rs. 2,50,000	Nil
Taxable income is more than Rs. 2,50,000 but less than Rs. 5,00,000	5% of the amount above and over 2,50,000.
Taxable income is more than Rs. 10,00,000	Rs. 1,12,500 + 30% of the amount by which the taxable income exceeds Rs.10,00,000

This income tax slab is also applicable to Non-Resident Indian, Hindu undivided family (HUF), Association of Persons, Body of Individuals and Artificial Judicial Person. As these entities can't be a senior citizen

### Education cess

Besides the tax rate, cess is also charged. The cess is a tax on the tax. For a normal individual, the cess is 3%. Because of this cess the effective tax rates translates into 5.15%, 20.6% and 30.9% according to the slabs.

Effective Tax Rate			
Income slab	Tax rate	Education cess	Aggregate tax rate
0 – 2.5 lakh	Nil	Nil	Nil
2.5 – 5.0 lakh	5.00%	3.00%	5.15%
5.0 – 10.0 lakh	20.00%	3.00%	20.60%
Above 10 lakh	30.00%	3.00%	30.90%

### Tax on different income of individuals (below 60 years)

Annual taxable income	Total tax	Tax after full 80C tax deduction
upto 2.5 lakh	Nil	Nil
3.0 lakh	Nil	Nil
3.5 Lacs	nil	Nil
4.0 Lacs	7,725	Nil
4.5 lakh	10,300	Nil
5.0 lakh	12,875	5,150
6.0 lakh	33,475	10,300
7.0 lakh	54,075	23,175
8.0 lakh	74,675	43,775
9.0 lakh	95,275	64,375
10.0 lakh	1,15,875	84,975
15.0 lakh	2,70,375	2,24,025

*Note that after all the available exemption and deduction your net taxable income comes below 5 lakh then you can also reduce your tax liability by Rs 5000. Calculatethis rebate before adding the cess.*

### Income Tax slab of 2017-18 for females

The income tax slab for female is same as the male. Since last some years, the government has ended the different taxation on the basis of gender. Earlier females used to get a relaxed tax slab. The females taxpayer were liable to less tax. However, now there is no such distinction. Thus, the women should refer to the tax slab of individuals, given above.

### Income Tax rate for senior citizens

The senior citizen get preferable treatment from the government. They have a different tax slab. The tax slab of senior citizens is relaxed. The tax free income of senior citizen is more than the individual below 60.

Because of the higher basic exemption, the senior citizens are liable to pay less tax on similar income. Among senior citizens, there is a separate class of super senior citizen as well. They get far better tax treatment. I will discuss it later.

To avail the benefit of senior citizen's income tax slab of 2017-18, one should be born on or after 1st April 1937 but before 1st April 1957. These dates are applicable for the income tax slab rate of the financial year 2017-18.

Income slab	Tax rate
Taxable income is less than Rs. 3,00,000	nil
Taxable income is more than Rs. 3,00,000 but less than Rs. 5,00,000	5% of the amount above and over 3,00,000.
Taxable income is more than Rs. 5,00,000 but less than Rs. 10,00,000	Rs. 20,000 + 20% of the amount by which the taxable in-come exceeds Rs. 5,00,000
Taxable income is more than Rs. 10,00,000	Rs. 1,20,000 + 30% of the amount by which the taxable income exceeds Rs. 10,00,000

### Education Cess

Senior citizens are also required to pay education cess similar to other individuals. The 3% cess is charged on the income tax of senior citizens. Due to this the effective income tax slab rate increases.

### Effective tax rate for senior citizens

Income slab	Tax rate	Education cess	Aggregate tax rate
0 – 3.0 lakh	Nil	Nil	Nil
3.0 – 5.0 lakh	5.00%	3.00%	5.15%
5.0 – 10.0 lakh	20.00%	3.00%	20.60%
Above 10 lakh	30.00%	3.00%	30.90%

You can see that senior citizens enjoy tax-free income of up to Rs 3 lakh. They get an extra rebate on the income of Rs 50,000. This relaxation of 50K translates the tax saving of 15450 for the senior citizens who fall in 30% tax slab.

### Tax on various incomes of senior citizens (60-80 years)

Annual taxable income	Total tax	Tax after full 80C tax deduction
up to 2.5 lakh	Nil	Nil
3.0 lakh	Nil	Nil
3.5 lakh	Nil	Nil
4.0 lakh	Nil	Nil
4.5 lakh	2,575	Nil
5.0 lakh	5,150	Nil
6.0 lakh	30,900	5,150
7.0 lakh	51,500	20,600
8.0 lakh	72,100	41,200
9.0 lakh	92,700	61,800
10.0 lakh	1,13,300	82,400
15.0 lakh	2,67,800	2,21,450

According to income tax slab the senior citizen gets basic exemption up to the income of Rs 3 lakh. But, because of income tax rebate, the income up to Rs 3.5 lakh gets tax-free.

### Income Tax slab of super senior citizens (Above 60 years)

The senior citizens of above the age of 80 gets maximum tax concession from the government. They get this concession considering increased medical and healthcare expenses.

To get the benefit of this income tax slab rate, one should be born before 1st April 1937.

Income Tax slab for 2017- 18	Tax rate
Taxable income is less than Rs. 5,00,000	Nil
Taxable income is more than Rs. 5,00,000 amount but less than Rs. 10,00,000	20% of the by which the taxable income exceeds Rs. 5,00,000
Taxable income is more than Rs. 10,00,000	Rs. 1,00,000 + 30% of the amount by which the taxable income exceeds Rs. 10,00,000

The super senior citizen can enjoy up to Rs 5 lakh tax-free income. It is a really big relief in comparison to the normal individual. However, income above the Rs 5 lakh is considered for 20% tax. It means there is no slab of 5% tax.

### Education cess

Super senior citizens are also not spared of education

cess. They need to pay 3% cess on the tax.

### Effective tax rate for super senior citizens (2017-18)

Income slab	Tax rate	Education cess	Aggregate tax rate
0 – 5.0 lakh	Nil	Nil	Nil
5.0 – 10.0 lakh	20.00%	3.00%	20.60%
Above 10 lakh	30.00%	3.00%	30.90%

### Tax on various Income of Super Senior Citizens (Above 80 years)

Annual taxable Income	Total tax	Tax after full 80C tax Deduction
Up to 5.0 lakh	Nil	Nil
6.0 lakh	20,600	Nil
7.0 lakh	41,200	10,300
8.0 lakh	61,800	30,900
9.0 lakh	82,400	51,500
10.0 lakh	1,03,000	72,100
15.0 lakh	2,57,500	2,11,150

### Income Tax slab and rates for businesses

For Cooperative Society

Unlike an individual the Cooperative societies do not get any exemption. It have to pay income tax on the first rupee it earns.

Like an individual, it has to pay the education cess as well.

Like an individual, the cooperative societies has dif-

ferent income tax slabs according to the taxable income. Among the business classes, only **cooperative society has different tax slabs**. All other businesses class pays uniform tax rate.

Income Tax Slab	Tax Rate
Taxable income is not more than Rs. 10,000	10% of total income
Taxable income is more than Rs. 10,000 but	Rs. 1,000 + 20% less than Rs. 20,001 of income in excess of Rs. 10,000
Taxable income is more than Rs. 20,000	Rs. 3,000 + 20% of the amount by which the income exceeds Rs. 20,000

### Income Tax slab rate for a business firm

Any income of the firm is taxable from the beginning. Also the tax rate is highest. There are two slabs according to the annual turnover.

Companies with with annual turnover of upto ₹50 crore have to pay income tax at the rate of 25%.

Whereas companies which have turnover of more than 50 crore would pay higher tax. The tax rate for such companies is 30%.

Besides this, Education cess and surcharge is also applicable. The total effective tax rate of a firm is 30.9%.

### Local authorities

Similar to the firm, a local authority also pays income tax at the rate of 30%.



After an addition of education cess, the effective tax rates becomes 30.9%

### Domestic companies

- In the case of a domestic company which have turnover of upto ₹50 crore, income tax is payable at the rate of 25%.
- If the turnover of the company exceeds 50 crore, it has to pay income tax at the rate of 30%.
- The domestic company gets relaxation on the surcharge. If the income exceeds Rs 1 crore surcharge rate is 7%. Earlier it was 5%.
- If the income exceeds Rs 10 crore, the surcharge rate is 12%. Earlier it was 10%
- 3% education cess is also charged on the income tax of the domestic company.

### For foreign companies

Foreign company means a company whose control and management are situated wholly outside India. Also, the company has not made the prescribed arrangements for declaration and payment of dividends within India.

- A foreign company has to pay 40% income tax. 3% education cess is also charged.
- The surcharge is 2% if taxable income exceeds Rs 1 crore but not more than Rs 10 crores.
- The surcharge is 5% if taxable income exceeds 10 crores.

### Indirect taxes

Relief from double taxation

- India has entered into DTAA (Double Taxation Avoidance Agreements) with 88 countries

with 85 effective (*see list on next page*). Generally, the provisions of DTAA's prevail over domestic tax provisions. However, the domestic tax provisions may apply to the extent they are more beneficial to the taxpayer. The benefit of the DTAA will not be available unless a taxpayer obtains a TRC from the government of the home country.

### Venture capital companies/venture capital funds

Any income of a VCC or VCF from investments in a VCU is exempt from tax subject to fulfilment of certain conditions. The provisions of withholding tax and DDT are not applicable to the income paid by VCF/VCC to the investors.

### SPECIAL ECONOMIC ZONES

#### Incentives and facilities offered to SEZs

The incentives and facilities offered to the units in SEZs for attracting investments into the SEZs, including foreign investment include:-

- Duty free import/domestic procurement of goods for development, operation and maintenance of SEZ units
- 100% Income Tax exemption on export income for SEZ units under Section 10AA of the Income Tax Act for first 5 years, 50% for next 5 years thereafter and 50% of the ploughed back export profit for next 5 years.
- Exemption from minimum alternate tax under section 115JB of the Income Tax Act.
- External commercial borrowing by SEZ units upto US \$500 million in a year without any maturity restriction through recognized banking channels.

## The list

1.	Armenia	29.	Italy	57.	Romania
2.	Australia	30.	Japan	58.	Russia
3.	Austria	31.	Kazakhstan	59.	Saudi Arabia
4.	Bangladesh	32.	Kenya	60.	Serbia
5.	Belarus	33.	Korea	61.	Singapore
6.	Belgium	34.	Kuwait	62.	Slovenia
7.	Botswana	35.	Kyrgyz Republic	63.	South Africa
8.	Brazil	36.	Libra	64.	Spain
9.	Bulgaria	37.	Lithuania	65.	Sri Lanka
10.	Canada	38.	Luxembourg	66.	Sudan
11.	China	39.	Malaysia	67.	Sweden
12.	Cyprus	40.	Malta	68.	Swiss Confederation
13.	Czech Republic	41.	Mauritius	69.	Syrian Arab Republic
14.	Denmark	42.	Mongolia	70.	Tajikistan
15.	Egypt	43.	Montenegro	71.	Tanzania
16.	Estonia	44.	Morocco	72.	Thailand
17.	Ethiopia	45.	Mozambique	73.	Trinidad and Tobasco
18.	Finland	46.	Myanmar	74.	Turkey
19.	France	47.	Namibia	75.	Turkmenistan
20.	Georgia	48.	Nepal	76.	UAE
21.	Germany	49.	Netherlands	77.	UAR (Egypt)
22.	Greece	50.	New Zealand	78.	Uganda
23.	Hashemite Kingdom of Jordan	51.	Norway	79.	United Kingdom
24.	Hungary	52.	Oman	80.	Ukraine
25.	Iceland	53.	Philippines	81.	United Mexican States
26.	Indonesia	54.	Poland	82.	United States of America
27.	Ireland	55.	Portuguese Republic	83.	Uzbekistan
28.	Israel	56.	Qatar	84.	Vietnam
				85.	Zambia

- Single window clearance for Central and State level approvals.
- Exemption from State sales tax and other levies as extended by the respective State Governments.

### **Major incentives and facilities available to SEZ developers include**

- Exemption from customs/excise duties for development of SEZs for authorized operations approved by the BOA.
- Income Tax exemption on income derived from the business of development of the SEZ in a block of 10 years in 15 years under Section 80-IAB of the Income Tax Act.
- Exemption from minimum alternate tax under Section 115 JB of the Income Tax Act.
- Exemption from dividend distribution tax under Section 115O of the Income Tax Act.

### **INVESTMENT ALLOWANCE**

An investment allowance is available at 15 percent on investments made by a manufacturing company in new plant and machinery acquired and installed between 1 April 2013 and 31 March 2015 if the same exceeds \$18.4 million.

Currently, the domestic transfer pricing provisions are applicable to transactions between domestic related parties, where one of the parties is eligible for claiming profit-linked deduction.

For foreign portfolio investors (FPIs) investing in India, a blanket exemption is provided to Category-I and Category-II FPIs from the indirect transfer provisions. The proposed amendment is expected to have a retrospective effect and will soothe the nerves of FPIs

and allay fears of multiple taxation under the indirect transfer tax provisions.

### **ADVANCE PRICING AGREEMENTS**

Recently, APA provisions have been introduced in the Act and the salient legislative provisions of this are as follows:

- APA provisions have been introduced with effect from 1 July 2012. Option of unilateral/bilateral multilateral APA possible.
- Valid for a maximum of five consecutive years unless there is a change in provisions of the Act having a bearing on international transactions.
- Pre-filing consultation mandatory (option of anonymous filing available).
- In case an APA covering a particular year is obtained after filing the return of income, a modified return should be filed based on the APA and assessment or reassessment to be completed based on such modified return.
- APA to be declared void ab initio if obtained by fraud or misrepresentation of facts.
- No regular TP audits – only an annual compliance audit. Taxpayer can withdraw the APA application at any stage.
- Option of renewal of APA available.

# Indirect taxes 2017-18

## I. PROPOSALS INVOLVING CHANGE IN DUTY / TAX RATES: CUSTOMS

Commodity		Rate of Duty	
		From	To
<b>I. Incentivizing domestic value addition, 'Make in India'</b>			
<b>A. Reduction in Customs duty on inputs and raw materials to reduce costs</b>			
<b>Mineral fuels and Mineral oils</b>			
Liquefied Natural Gas	BCD – 5%	BCD – 2.5%	
<b>Chemicals &amp; Petrochemicals</b>			
Medium Quality Terephthalic Acid (MTA) & Qualified Terephthalic Acid (QTA)	BCD – 7.5%	BCD – 5%	
<b>Metals</b>			
Nickel	BCD – 2.5%	BCD – Nil	
<b>Finished Leather</b>			
Vegetable tanning extracts, namely, Wattle extract and Myrobalan fruit extract	BCD – 7.5%	BCD – 2.5%	
<b>Capital Goods</b>			
Ball screws, linear motion guides and CNC systems for use in the manufacture of CNC machine tools, subject to actual user condition	Ball screws and liner motion guides: BCD – 7.5% CNC systems: BCD – 10%	BCD – 2.5%	
<b>Renewable Energy</b>			
All items of machinery required for fuel cell based power generating systems to be set up in the country or for demonstration purposes, subject to certain specified conditions	BCD – 10% /7.5%	BCD – 5%	
All items of machinery required for balance of systems operating on biogas/ bio-methane/ by-product hydrogen, subject to certain specified conditions	BCD – 10% /7.5%	BCD – 5%	
<b>Miscellaneous</b>			
All parts for use in the manufacture of LED lights or fixtures, including LED lamps, subject to actual user condition	Applicable BCD	BCD – 5%	
All inputs for use in the manufacture of LED Driver and MCPCB for LED lights or fixtures, including LED lamps, subject to actual user condition	Applicable BCD	5%	
<b>B. Changes in Customs and Excise</b>			
<b>Chemicals &amp; Petrochemicals</b>			
o-Xylene	BCD – 2.5%	BCD – Nil	
2-Ethyl Anthraquinone [2914 69 90] for use in manufacture of hydrogen peroxide, subject to actual user condition	BCD – 7.5%	BCD – 2.5%	
Vinyl Polyethylene Glycol (VPEG) for use in manufacture of Poly Carboxylate Ether, subject to actual user condition	BCD – 10%	BCD – 7.5%	

Commodity		Rate of Duty	
		From	To
<b>Textiles</b>			
	Nylon mono filament yarn for use in monofilament long line system for Tuna fishing, subject to certain specified conditions	BCD – 7.5%	BCD – 5%
<b>Metals</b>			
	Co-polymer coated MS tapes / stainless steel tapes for manufacture of specified telecommunication grade optical fibres or optical fibre cables, subject to actual user condition	BCD – Nil	BCD – 10%
	MgO coated cold rolled steel coils [7225 19 90] for use in the manufacture of CRGO steel, subject to actual user condition	BCD – 10%	BCD – 5%
	Hot Rolled Coils [7208] for use in the manufacture of welded tubes and pipes falling under heading 7305 or 7306, subject to actual user condition	BCD – 12.5%	BCD – 10%
<b>Automobiles</b>			
	Clay 2 Powder (Alumax) for use in ceramic substrate for catalytic convertors, subject to actual user condition	BCD – 7.5%	BCD – 5%
<b>Renewable Energy</b>			
	Solar tempered glass for use in the manufacture of solar cells/panels/modules	BCD – 5%	BCD – Nil
	Parts/raw materials for use in the manufacture of solar tempered glass for use in solar photovoltaic cells/modules, solar power generating equipment or systems, flat plate solar collector, solar photovoltaic module and panel for water pumping and other applications, subject to actual user condition		
	Resin and catalyst for use in the manufacture of cast components for Wind Operated Energy Generators [WEOG], subject to actual user condition	BCD – 7.5%	BCD – 5%
<b>Miscellaneous</b>			
	Membrane Sheet and Tricot / Spacer for use in the manufacture of RO membrane element for household type filters, subject to actual user condition		
<b>C.</b>	<b>Changes in Customs duty to provide adequate protection to domestic industry</b>		
<b>Food Processing</b>			
	Cashew nut, roasted, salted or roasted and salted	BCD – 30%	BCD – 45%
	<b>Electronics / Hardware</b> Populated Printed Circuit Boards (PCBs) for use in the manufacture of mobile phones, subject to actual user condition		
	<b>Miscellaneous</b> RO membrane element for household type filters	BCD – 7.5%	BCD – 10%
<b>D.</b>	<b>Promotion of cashless transactions and promote domestic manufacturing of devices used therefor</b>		

	Commodity	Rate of Duty	
		From	To
	a) Miniaturized POS card reader for m-POS (not including mobile phones or tablet computer), b) Micro ATM as per standards version 1.5.1, c) Finger Print Reader / Scanner, and d) Iris Scanner	Applicable BCD	BCD – Nil
	Parts and components for manufacture of: a) miniaturized POS card reader for m-POS (not including mobile phones or tablet computer), b) micro ATM as per standards version 1.5.1, c) Finger Print Reader / Scanner, and d) Iris Scanner	Applicable BCD	BCD – Nil
<b>II. Imposition of export duty to conserve domestic resources</b>			
	Other aluminium ores, including laterite	Nil	15%
<b>III. Improving ease of doing business and Export Promotion</b>			
	De-minimis customs duties exemption limit for goods imported through parcels, packets and letters	Duty payable not exceeding Rs.100 per per consignment	CIF value not exceeding Rs.1000 consign
	Limit of duty free import of eligible items for manufacture of leather footwear or synthetic footwear or other leather products for use in the manufacture of said goods for export	3% of FOB value of said goods exported during the preceding financial year	5% of FOB value of said goods exported during the preceding financial year
<b>IV. Anti-avoidance measure</b>			
	Silver medallion, silver coins, having silver content not below 99.9%, semi-manufactured form of silver and articles of silver		
<p>Note: (a) "Basic Customs Duty" means the customs duty levied under the Customs Act, 1962. (b) "Export duty" means duty of Customs leviable on goods specified in the Second Schedule to the Customs Tariff Act, 1975.</p>			

## GOODS AND SERVICE TAX

The introduction of Goods and Services Tax (GST) on July 1, 2017 in India is a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, it would mitigate cascading or double taxation in a major way and pave the way for a common national market. From the consumer point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods, which is currently estimated to be around

25%-30%. Introduction of GST would also make Indian products competitive in the domestic and international markets. Studies show that this would have a boosting impact on economic growth.

Five laws namely CGST Law, UTGST Law, IGST Law, SGST Law and GST Compensation Law would govern the administration. Last but not the least, this tax, because of its transparent and self-policing character, would be easier to administer.

## Salient features of GST

The salient features of GST are as under:

(i) GST would be applicable on “supply” of goods or services as against the present concept of tax on the manufacture of goods or on sale of goods or on provision of services.

(ii) GST would be based on the principle of destination based consumption taxation as against the present principle of origin based taxation.

(iii) It would be a dual GST with the Centre and the States simultaneously levying it on a common base. The GST to be levied by the Centre would be called Central GST (CGST) and that to be levied by the States [including Union territories with legislature] would be called State GST (SGST). Union territories without legislature would levy Union territory GST (UTGST).

(iv) An Integrated GST (IGST) would be levied on inter-State supply (including stock transfers) of goods or services. This would be collected by the Centre so that the credit chain is not disrupted.

(v) Import of goods would be treated as inter-State supplies and would be subject to IGST in addition to the applicable customs duties.

(vi) Import of services would be treated as inter-State supplies and would be subject to IGST.

(vii) CGST, SGST /UTGST & IGST would be levied at rates to be mutually agreed upon by the Centre and the States under the aegis of the GSTC (GST Council) .

(viii) GST would replace the following taxes currently levied and collected by the Centre:

- a) Central Excise Duty;
- b) Duties of Excise (Medicinal and Toilet Preparations);
- c) Additional Duties of Excise (Goods of Special Imp

tance);

d) Additional Duties of Excise (Textiles and Textile Products);

e) Additional Duties of Customs (commonly known as CVD);

f) Special Additional Duty of Customs (SAD);

g) Service Tax;

h) Cesses and surcharges insofar as they relate to supply of goods or services.

(ix) State taxes that would be subsumed within the GST are:

a) State VAT;

b) Central Sales Tax;

c) Purchase Tax;

d) Luxury Tax;

e) Entry Tax (All forms);

f) Entertainment Tax (except those levied by the local bodies);

g) Taxes on advertisements;

h) Taxes on lotteries, betting and gambling;

i) State cesses and surcharges insofar as they relate to supply of goods or services.

(x) GST would apply to all goods and services except Alcohol for human consumption.

(xi) GST on five specified petroleum products (Crude, Petrol, Diesel, ATF & Natural gas) would be applicable from a date to be recommended by the GSTC.

(xii) Tobacco and tobacco products would be subject to GST. In addition, the Centre would continue to levy Central Excise duty.

(xiii) A common threshold exemption would apply to both CGST and SGST. Taxpayers with an annual turnover of Rs. 20 lac (Rs. 10 lac for special category States as specified in article 279A of the Constitution) would be

exempt from GST. A compounding option (i.e. to pay tax at a flat rate without credits) would be available to small taxpayers (including to specified category of manufacturers and service providers) having an annual turnover of up to Rs. 75 lakh. The threshold exemption and compounding scheme would be optional.

(xiv) The list of exempted goods and services would be kept to a minimum and it would be harmonized for the Centre and the States as well as across States as far as possible.

(xv) Exports would be zero-rated.

## Benefits of GST

### (A) Make in India

(i) Will help to create a unified common national market for India, giving a boost to Foreign investment and “Make in India” campaign;

(ii) Will prevent cascading of taxes as Input Tax Credit will be available across goods and services at every stage of supply;

(iii) Harmonization of laws, procedures and rates of tax;

(iv) It will boost export and manufacturing activity, generate more employment and thus increase GDP with gainful employment leading to substantive economic growth;

(v) Ultimately it will help in poverty eradication by generating more employment and more financial resources;

(vi) More efficient neutralization of taxes especially for exports thereby making our products more competitive in the international market and give boost to Indian Exports;

(vii) Improve the overall investment climate in the country which will naturally benefit the development in the states;

(viii) Uniform SGST and IGST rates will reduce the incentive for evasion by eliminating rate arbitrage between neighboring States and that between intra and inter-state sales;

(ix) Average tax burden on companies is likely to come down which is expected to reduce prices and lower prices mean more consumption, which in turn means more production thereby helping in the growth of the industries. This will create India as a “Manufacturing hub”.

### (B) Ease of doing business

(i) Simpler tax regime with fewer exemptions;

(ii) Reductions in the multiplicity of taxes that are at present governing our indirect tax system leading to simplification and uniformity;

(iii) Reduction in compliance costs - No multiple record keeping for a variety of taxes - so lesser investment of resources and manpower in maintaining records;

(iv) Simplified and automated procedures for various processes such as registration, returns, refunds, tax payments, etc;

(v) All interaction to be through the common GSTN portal- so less public interface between the taxpayer and the tax administration;

(vi) Will improve environment of compliance as all returns to be filed online, input credits to be verified online, encouraging more paper trail of transactions;

(vii) Common procedures for registration of taxpayers, refund of taxes, uniform formats of tax return, common tax base, common system of classification of goods and services will lend greater certainty to taxation system;

(viii) Timelines to be provided for important activities like obtaining registration, refunds, etc; (ix) Electronic matching of input tax credits all-across India thus mak-



ing the process more transparent and accountable.

### **(C) Benefits to consumers**

(i) Final price of goods is expected to be lower due to seamless flow of input tax credit between the manufacturer, retailer and service supplier;

(ii) It is expected that a relatively large segment of small retailers will be either exempted from tax or will suffer very low tax rates under a compounding scheme- purchases from such entities will cost less for the consumers;

(iii) Average tax burden on companies is likely to come down which is expected to reduce prices and lower prices mean more consumption.

## **OTHER LAWS**

### ***Companies Act 2013 – salient features***

- The Companies Act 2013
- Mandatory for certain company to spend at least 2 percent of the average net profits for social purposes.
- Increase in the limit of members in a private limited company to 200.
- Financial year defined as April to March.
- One director of a company has to be resident in India (i.e. stay over 182 days or more).
- A body, National Financial Reporting Authority (NFRA) to constitute for monitoring the compliance and overseeing the quality of service of professionals.
- Transfer to reserves is not mandatory before declaring the dividend.
- Consolidated financial statements of companies are required to also include financial statements of associate companies and joint ventures.
- Merger of Indian companies with a foreign company

(incorporated in notified countries) permitted.

### ***Types of companies***

The Companies Act provides for incorporation of different types of companies, the most popular ones engaged in commercial activities being private limited and public limited companies (liability of members being limited to the extent of their shareholding).

#### ***Private company***

A private company is required to be incorporated with a minimum paid-up capital of \$1838 and two subscribers. Broadly, the Companies Act 2013 removes the condition relating to non-acceptance of deposits from the public and increases the limits of the company's members (shareholders) to 200.

#### ***Public company***

A public company is a company which is not a private company. A public company is required to be incorporated with a minimum paid-up capital of \$9191 and seven subscribers. The profit-and-loss account and balance sheet, along with the reports of the directors and auditors, of a public company are required to be filed with the RoC and are available for inspection by the public at large. Usually, foreign corporations set up their subsidiary companies as private companies. A private company is a more popular form as it is less cumbersome to incorporate and also has less stringent reporting requirements.

#### ***One-man company***

The Companies Act 2013 proposes insertion of a new concept of 'One-man company,' having one shareholder and requiring a minimum of one director.



# Labour laws in India

**L**ABOUR laws in India can be a challenge for many foreigners who start a business in India for the first time. The tricks to avoid much of labour trouble in India can be summed up as follows:

- a) Do not employ anyone with a salary of less than Rs. 10,000- per month. If one can keep all its employees above Rs. 15,000 per month, that is even better.
- b) Keep the number of employees on the company rolls to a bare minimum. This can be done by outsourcing all that is either not critical or not specific to the business.
- c) If possible, employ less than 20.

If one is able to ensure that one does not have any employee earning less than Rs. 10,000 per month, the only (well, almost, the only) labour laws that will be applicable to the company are:

***The Employees' State Insurance Act, 1948:***

Applicable when the number of employees is ten or more and only on employees earning less than Rs. 15,000 per month and in some areas of the country

***Payment of Gratuity Act, 1972:*** Applicable when number of employees is ten or more

***The Employees' Provident Funds and Miscellaneous Provisions Act, 1952:*** Applicable when number of employees is twenty or more

A quick glance at the three laws:

***The Employees' State Insurance Act, 1948***

Employer is required to deduct 1.75% of employee's salary and add 4.75% of the salary from his side. Total contribution is 6.5% of salary of all employees earning less than Rs. 15,000 per month. Employees covered by insurance receive medical benefits as well as all insurance benefits.

***Payment of Gratuity Act, 1972***

Under the Act, the employer is required to pay gratuity to an employee as and when he leaves employment either on termination or resignation or superannuation or death of an employee if the employee has worked for a continuous period of five years or more. For every completed year of service or part thereof in excess of six months, gratuity is payable at the rate of fifteen days' wages based on the rate of wages last drawn by the employee concerned.

***The Employees' Provident Funds and Miscellaneous Provisions Act, 1952***

Employer is required to deduct 10% of the salary of employee, add equal amount of contribution from its side and deposit the total with provident fund. The employee can withdraw from provident fund either when he / she is out of job or at the time of retirement or under some other emergencies. In addition to the above, irrespective of the number of employees if your unit is not a factory it will need to be registered with labour department under the relevant state's Shops and Establishment Act. Different states have different provisions under their Shops and Establishment Acts. However, in general the Acts provide for working hours, holidays and leaves of employees. In case the nature of your business requires you to employ large number of workers, many of whom are earning less than Rs. 10,000- per month, you should be prepared to deal with all the labour related matters including unions. If this is the case, you should either partner with an Indian associate who understands Indian workers and related laws or you should get a professional manager who is an expert on such matters.

## Important information

Trade Information Sources	
Department of Commerce and Industry	<a href="http://www.commerce.nic.in">www.commerce.nic.in</a>
Directorate General of Commercial Intelligence and Statistics	<a href="http://www.dgciskol.nic.in">http://www.dgciskol.nic.in</a>
Director General of Foreign Trade, Government of India	<a href="http://dgft.gov.in/">http://dgft.gov.in/</a>
Reserve Bank of India- Foreign Trade Statistics	<a href="http://www.rbi.org.in">www.rbi.org.in</a> , <a href="http://dbie.rbi.org.in">dbie.rbi.org.in</a>
Ministry of Statistics and Programme Implementation, India	<a href="http://mospi.nic.in/Mospi_New/site/home.aspx">http://mospi.nic.in/Mospi_New/site/home.aspx</a>
Department of Industrial Policy	<a href="http://dipp.nic.in/">http://dipp.nic.in/</a>
Department of Heavy Industry	<a href="http://dhi.nic.in">http://dhi.nic.in</a>

Industry Associations in India	
EEPC India	<a href="http://www.eepcindia.org">www.eepcindia.org</a>
Confederation of Indian Industry (CII)	<a href="http://www.cii.in">www.cii.in</a>
Federation of Indian Chambers of Commerce and Industry (FICCI)	<a href="http://www.ficci.com">www.ficci.com</a>
The Federation of Indian Export Organizations (FIEO)	<a href="http://www.fieo.org">www.fieo.org</a>
The Associated Chambers of Commerce and Industry of India (ASSOCHAM)	<a href="http://www.assochem.org">www.assochem.org</a>
The Automotive Component Manufacturers Association of India (ACMA)	<a href="http://www.acma.in">www.acma.in</a>
Consulting Engineers Association of India	<a href="http://www.ceaindia.com">www.ceaindia.com</a>
Indian Drug Manufacturers Association (IDMA)	<a href="http://www.idma-assn.org">www.idma-assn.org</a>
Chemical and Allied Products Export Promotion Council (CAPEXIL)	<a href="http://www.capexil.com">www.capexil.com</a>
The Gem and Jewellery Export Promotion Council (GJEPC)	<a href="http://www.gjepc.org">www.gjepc.org</a>
Indian Electrical & Electronics Manufacturers' Association	<a href="http://www.ieema.org">www.ieema.org</a>
Indian Machine Tool Manufacturers' Association	<a href="http://www.imtma.in">www.imtma.in</a>
Society of Indian Automobile Manufacturers (SIAM)	<a href="http://www.siamindia.com">www.siamindia.com</a>
Sponge Iron Manufacturers Association	<a href="http://www.spongeironindia.in">www.spongeironindia.in</a>
All Indian Cycle Manufacturers Association	<a href="http://www.aicma.org">www.aicma.org</a>
Association of Indian Forging Industry	<a href="http://www.indianforging.org">www.indianforging.org</a>

## Tax related information

CBDT (Central Board of Direct Taxes) – [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in)

CBEC (Central Board of Excise and Customs) – [www.cbec.gov.in](http://www.cbec.gov.in)

SEZ in India	
SEEPZ Special Economic Zone	SEEPZ, Andheri (East)Mumbai-400096 E-mail: <a href="mailto:dc@seepz.com">dc@seepz.com</a> Website: <a href="http://www.seepz.com">www.seepz.com</a>
Kandla Special Economic Zone	KSEZ, Gandhidham, Kachchh E-mail: <a href="mailto:dc@kasez.com">dc@kasez.com</a> Website: <a href="http://www.kasez.com">www.kasez.com</a>
Cochin Special Economic Zone	CSEZ, Kakkanad, E-mail: <a href="mailto:dc@csez.gov.in">dc@csez.gov.in</a> Website: <a href="http://www.csez.com">www.csez.com</a>
Madras Special Economic Zone	MEPZ Special Economic Zone, National Highway 45 Tambaram, Chennai-600045 MEPZ CHENNAI Email: <a href="mailto:dc@mepz.gov.in">dc@mepz.gov.in</a> Website: <a href="http://www.mepz.gov.in">www.mepz.gov.in</a>
Visakhapatnam Special Economic Zone	VSEZ, Duvvada, Visakhapatnam, 530046 E-mail: <a href="mailto:dc@vsez.com">dc@vsez.com</a> Website: <a href="http://vsez.gov.in">http://vsez.gov.in</a>
Falta Special Economic Zone	FSEZ, M.S.O Building, 4th Floor, Nizam Palace, Kolkata-700020 Email: <a href="mailto:fepz@wb.nic.in">fepz@wb.nic.in</a> Website: <a href="http://www.fsez.gov.in">http://www.fsez.gov.in</a>
Noida Export Processing Zone	NSEZ, Noida Dadri Road, Phase-II, Noida District, GautamBudh Nagar-201305 (U.P.) Email: <a href="mailto:dcnepz@nda.vsnl.net.in">dcnepz@nda.vsnl.net.in</a> Website: <a href="http://www.nsez.gov.in">http://www.nsez.gov.in</a>

Visa						
Business Visa						
Country	Duration of Visa	Consular Fee	ICWF Fee	Reference Fee	Service Fee	Total Fee
US Citizens	10 Years (120 Months) Multi-ple Entry	\$240.00	\$3.00	\$0.00	\$4.70	\$247.70
US Citizens	5 Years (60 Months) Multiple Entry	\$240.00	\$3.00	\$0.00	\$4.70	\$247.70
US Citizens	1 Year (12 Months)Multiple Entry	\$160.00	\$3.00	\$0.00	\$4.70	\$167.70
Australia Citizens	5 Years (60 Months)Multiple Entry	\$295.00	\$3.00	\$0.00	\$4.70	\$302.70
Australia Citizens	1 Year (12 Months)Multiple Entry	\$215.00	\$3.00	\$0.00	\$4.70	\$222.70
Czech Re-public Citi-zens	5 Years (60 Months) Multiple Entry	\$270.00	\$3.00	\$0.00	\$4.70	\$277.70
Czech Re-public Citi-zens	1 Year (12 Months)Multiple Entry	\$190.00	\$3.00	\$0.00	\$4.70	\$197.70
Ecuador Citizens	5 Years (60 Months)Multiple Entry	\$320.00	\$3.00	\$0.00	\$4.70	\$327.70
Ecuador Citizens	1 Year (12 Months) Multiple Entry	\$240.00	\$3.00	\$0.00	\$4.70	\$247.70
France Citi-zens	5 Years (60 Months)Multiple Entry	\$245.00	\$3.00	\$0.00	\$4.70	\$252.70
France Citi-zens	1 Year (12 Months) Multiple Entry	\$165.00	\$3.00	\$0.00	\$4.70	\$172.70
Iran Citizens	5 Years (60 Months)Multiple Entry	\$355.00	\$3.00	\$0.00	\$4.70	\$362.70
Iran Citizens	1 Year (12 Months)Multiple Entry	\$275.00	\$3.00	\$0.00	\$4.70	\$282.70
Ireland Citi-zens	5 Years (60 Months)Multiple Entry Multiple Entry	\$280.00	\$3.00	\$0.00	\$4.70	\$287.70
Ireland Citi-zens	1 Year (12 Months) Multiple Entry	\$200.00	\$3.00	\$0.00	\$4.70	\$207.70
New Zea-land Citi-zens	5 Years (60 Months) Multiple Entry	\$210.00	\$3.00	\$0.00	\$4.70	\$217.70
New Zea-land Citi-zens	1 Year (12 Months) Multiple Entry	\$130.00	\$3.00	\$0.00	\$4.70	\$137.70
Nigeria Citi-zens	5 Years (60 Months)Multiple Entry	\$370.00	\$3.00	\$0.00	\$4.70	\$377.70
Nigeria Citi-zens	1 Year (12 Months)Multiple Entry	\$290.00	\$3.00	\$0.00	\$4.70	\$297.70

<b>Visa</b>						
<b>Business Visa</b>						
<b>Country</b>	<b>Duration of Visa</b>	<b>Consular Fee</b>	<b>ICWF Fee</b>	<b>Reference Fee</b>	<b>Service Fee</b>	<b>Total Fee</b>
Philippines Citizens	5 Years (60 Months) Multiple Entry	\$300.00	\$3.00	\$0.00	\$4.70	\$307.70
Philippines Citizens	1 Year (12 Months) Multiple Entry	\$220.00	\$3.00	\$0.00	\$4.70	\$227.70
Poland Citi-zens	5 Years (60 Months) Multiple Entry	\$225.00	\$3.00	\$0.00	\$4.70	\$232.70
Poland Citi-zens	1 Year (12 Months) Multiple Entry	\$145.00	\$3.00	\$0.00	\$4.70	\$152.70
Saudi Arabia Citizens	5 Years (60 Months) Multiple Entry	\$295.00	\$3.00	\$0.00	\$4.70	\$302.70
Saudi Arabia Citizens	1 Year (12 Months) Multiple Entry	\$215.00	\$3.00	\$0.00	\$4.70	\$222.70
Sri Lanka Citizens	3 Months Single Entry	\$27.00	\$3.00	\$20.00	\$4.70	\$54.70
Sri Lanka Citizens	5 Years (60 Months) Multiple Entry	\$120.00	\$3.00	\$20.00	\$4.70	\$147.70
Sri Lanka Citizens	1 Year (12 Months) Multiple Entry	\$80.00	\$3.00	\$20.00	\$4.70	\$107.70
Sri Lanka Citizens	6 Months Multiple Entry	\$80.00	\$3.00	\$20.00	\$4.70	\$107.70
Sri Lanka Citizens	3 Months Multiple Entry	\$40.00	\$3.00	\$20.00	\$4.70	\$67.70
Sri Lanka Citizens	1 Month Multiple Entry	\$25.00	\$3.00	\$20.00	\$4.70	\$52.70
Thailand Citizens	5 Years (60 Months) Multiple Entry	\$280.00	\$3.00	\$0.00	\$4.70	\$287.70
Thailand Citizens	1 Year (12 Months) Multiple Entry	\$200.00	\$3.00	\$0.00	\$4.70	\$207.70
UAE Citi-zens	5 Years (60 Months) Multiple Entry	\$495.00	\$3.00	\$0.00	\$4.70	\$502.70
UAE Citi-zens	1 Year (12 Months)	\$415.00	\$3.00	\$0.00	\$4.70	\$422.70
Ukraine Citizens	5 Years (60 Months) Multiple Entry	\$280.00	\$3.00	\$0.00	\$4.70	\$287.70
Ukraine Citizens	1 Year (12 Months) Multiple Entry	\$200.00	\$3.00	\$0.00	\$4.70	\$207.70
United Kingdom Citizens	5 Years (60 Months) Multiple Entry	\$815.00	\$3.00	\$0.00	\$4.70	\$822.70
United Kingdom Citizens	1 Year (12 Months) Multiple Entry	\$444.00	\$3.00	\$0.00	\$4.70	\$451.70
Other Na-tionals	5 Years (60 Months) Multiple Entry	\$200.00	\$3.00	\$0.00	\$4.70	\$207.70
Other Na-tionals	1 Year (12 Months) Multiple Entry	\$120.00	\$3.00	\$0.00	\$4.70	\$127.70

Tourist Visa						
Country	Duration of Visa	Consular Fee	ICWF Fee	Reference Fee	Service Fee	Total Fee
US Citizens	10 Years (120 Months) Multi-ple Entry	\$150.00	\$3.00	\$0.00	\$4.70	\$157.70
US Citizens	5 Years (60 Months) Multiple Entry	\$150.00	\$3.00	\$0.00	\$4.70	\$157.70
US Citizens	6 Months Multiple Entry	\$60.00	\$3.00	\$0.00	\$4.70	\$67.70
Other Na-tionals	6 Months Multiple Entry	\$40.00	\$3.00	\$0.00	\$4.70	\$47.70
Singapore Nationals	6 Months Multiple Entry	\$25.00	\$3.00	\$0.00	\$4.70	\$32.70
Sri Lanka Citizens	3 Months Single Entry	\$15.00	\$3.00	\$20.00	\$4.70	\$42.70
Sri Lanka Citizens	6 Months Multiple Entry	\$25.00	\$3.00	\$20.00	\$4.70	\$52.70
Sri Lanka Citizens	3 Months Double Entry	\$25.00	\$3.00	\$20.00	\$4.70	\$52.70
Sri Lanka Citizens	1 Month Double Entry	\$15.00	\$3.00	\$20.00	\$4.70	\$42.70
United Kingdom Citizens	5 Years (60 Months) Multiple Entry	\$815.00	\$3.00	\$0.00	\$4.70	\$822.70
United Kingdom Citizens	1 Year (12 Months) Multiple Entry	\$444.00	\$3.00	\$0.00	\$4.70	\$451.70
United Kingdom Citizens	6 Months Multiple Entry	\$129.00	\$3.00	\$0.00	\$4.70	\$136.70



## Useful contacts

### Department of Commerce, Ministry of Commerce and Industry

Udyog Bhawan,  
New Delhi 110 107, INDIA  
Phone: 91-11-23062261  
Fax: 91-11-23063418  
Website: [www.commerce.nic.in](http://www.commerce.nic.in)

### Ministry of Finance

North Block  
New Delhi - 110001 (India)  
Telephone: 91-11-23748747  
Fax: 91-11-23344605  
Website: [www.finmin.nic.in](http://www.finmin.nic.in)

### Ministry of Micro, Small and Medium Enterprises

Udyog Bhawan  
New Delhi - 110011  
Email: [ds.sme@nic.in](mailto:ds.sme@nic.in)

### The Securities and Exchange Board of India

Plot No.C4-A,'G' Block, BandraKurla  
Complex, Bandra (East)  
Mumbai 400051  
Tel: +91-22-26449000 / 40459000  
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EEPC INDIA 'DOING BUSINESS' SERIES



## Doing Business in India

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**EEPCINDIA**  
ENGINEERING THE FUTURE

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