



उद्योग संवर्धन और आंतरिक व्यापार विभाग
DEPARTMENT FOR
**PROMOTION OF INDUSTRY
AND INTERNAL TRADE**

January 2021

Investment Promotion Reforms





*Reforms have changed
global perception
from 'why India' to
'why not India'.*

**- Hon'ble Prime Minister
Narendra Modi**

Introduction

Investment promotion is a multidimensional and complex process which requires continuous efforts to be channelized around Ease of Doing Business, FDI reforms, skill development, infrastructure creation and fiscal incentives. To make India the most preferred investment destination all these activities have been brought into focus after the launch of Make in India initiative in September, 2014.

Department for Promotion of Industry and Internal Trade (DPIIT) is spearheading investment promotion activities in the Government of India. It has put in place a comprehensive FDI policy regime by

bringing more activities under the automatic route, increasing sectoral caps and easing conditionalities. Numerous measures have been undertaken to improve the business environment of the country by engaging with the State Governments. Offering information to potential investors on land availability, setting up a single window system for quicker clearances, focus on Sub sectors for Atmanirbhar Bharat, promoting Start-ups and setting up institutional arrangements for promoting investment are the other prominent reforms undertaken for investment promotion.



*“ I will bet on India
out of all countries
in the World. ”*

—

John Chambers
CEO, Cisco



Need for Reform

Investment promotion includes a variety of activities undertaken by the Central and State Governments aimed at boosting economic growth and employment. These activities have been a constant endeavor of most Governments.

Prior to 2014, the major steps for investment promotion by the Central Govt. included establishment of Delhi Mumbai Industrial Corridor Project; notifying National Manufacturing Policy, 2011; liberalizing the FDI Policy; Industrial Infrastructure Upgradation Scheme for development of industrial clusters; Transport Subsidy Scheme for industrialization in remote, hilly and inaccessible areas; setting up Invest India as a national investment promotion and facilitation agency etc. However these measures failed to get the desired results. The proportion of large infrastructure projects which were delayed/stalled kept on increasing. Since the project implementation issues were not resolved in a timely manner it led to a crisis in bank

lending. Consequently, large value potential investments did not fructify and acted as a dampener for potential investments.

The current Government recognizing the critical importance of Investment Promotion has taken numerous steps to boost investments in India since 2014. These include Make in India, Ease of Doing Business, Startup India, Production Linked Incentives (PLI) Schemes for various sectors, Focus Sub Sectors, Phased Manufacturing Programme (PMP), One District One Product (ODOP), Industrial Information System (IIS) which provides GIS-enabled database of industrial areas including clusters, parks, nodes, zones etc., setting up institutional arrangements e.g., Empowered Group of Secretaries (EGoS), Project Development Cells (PDCs) and a comprehensive Single Window System (Investment Clearance Cell).

Approach and Impact

MAKE IN INDIA

The Make in India initiative was launched on 25th September, 2014 along with action plans for 25 sectors with the objective of facilitating investment, fostering innovation, building best in class

manufacturing infrastructure, making it easy to do business and enhancing skill development. The initiative was further aimed at creating a conducive environment for investment, modern and efficient infrastructure, opening up new sectors for foreign investment and forging



a partnership between government and industry through a positive mindset.

FOCUS SUB-SECTORS

After the Make in India(MII) initiative launched in September, 2014, the Government is working closely on 24 sub-sectors chosen on Indian industries strengths and competitive edge, need for import substitution, potential for export and increased employability. These 24 sub sectors are furniture, air-conditioners, leather and footwear, ready to eat, fisheries, agri-produce, auto components, aluminum, electronics, agrochemicals, steel, textiles, EV components and integrated circuits, ethanol, ceramics, set top boxes, robotics, televisions, close circuit cameras, toys, drones, medical devices, sporting goods and gym equipment. Efforts are on to boost the growth of the sub-sectors in a holistic and coordinated manner.

PRODUCTION LINKED INCENTIVE (PLI) SCHEMES

To provide a major boost to manufacturing, the government has launched Production-Linked Incentive (PLI) Scheme for 13 sectors- 3 sectors in March 2020 and 10 sectors in November 2020 with an outlay of Rs 1.97 lakh crore over the next five years. The sectors are (i) Automobiles and Auto Components, (ii) Pharmaceuticals Drugs, (iii) Specialty Steel, (iv) Telecom & Networking Products, (v) Electronic/Technology Products, (vi) White Goods (ACs and LEDs), (vii) Food Products, (viii) Textile Products: MMF

segment and technical textiles, (ix) High efficiency solar PV modules, and (x) Advanced Chemistry Cell (ACC) Battery (xi) Medical devices (xii) Large scale electronics manufacturing including mobile phones (xiii) Critical Key Starting materials /Drug intermediaries and API .The incentives under PLI are extended to units as per annual increases in their production/sale in order to realize economies of scale. It is expected that the PLI scheme for shortlisted sectors will make Indian manufacturers globally competitive, attract investment in the areas of core competency and cutting-edge technology; ensure efficiencies; create economies of scale; enhance exports and make India an integral part of the global supply chain. The PLI schemes for Large Scale Electronics Manufacturing, Medical Devices and Pharma sector have been notified. International marquee mobile manufacturing companies, accounting for 60% of the global sales of mobile phones have been approved. Similarly prominent Indian brands have been approved under mobile phone -domestic companies. The Govt. has received a very positive response under the PLI schemes for bulk drugs and medical devices. PLIs for the remaining 10 sectors are under appraisal process and expected to be notified by April 2021.

EASE OF DOING BUSINESS

Regulatory burden on a business has a significant impact on its performance and affects its competitiveness. A country's ranking in the World Bank's Doing Business



report affects its investment prospects. Till 2014 India had a poor ranking in the Doing Business Report. During 2010-14, India was ranked in the range of 131-142 among 190 countries. Since May 2014, with the objective to create a conducive environment by streamlining the existing regulations and processes and eliminating unnecessary requirements and procedures, India's ranking on DBR has been moving upwards. Introduction of 'information technology' has been a key enabler to make governance of regulations more efficient. A detailed plan of regulatory reforms has been implemented by the Central Government Ministries and the States Governments. As a result of these efforts, India's rank has improved to 63rd position in 2020. It has earned a place among the world's top 10 improvers for the third year in a row. Within ease of doing business, the focus now is on reduction in compliance burden by using technology, third party assessment and faceless human intervention.

STARTUPS

Startup India is a flagship initiative of the Government of India, intended to catalyze startup culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India. The Startup India Action Plan was launched on 16th January, 2016 with the objective of supporting entrepreneurs, building a robust startup ecosystem, and transforming India into a country of job creators instead of job seekers.

To foster competitiveness and to propel the States and Union Territories to work proactively towards promotion of their

Startup Ecosystems the States' Startup Ranking Framework was launched on 6th February 2018. A total of 27 States and 3 UTs participated in this exercise.

Startup India web portal www.startupindia.gov.in and mobile app have been developed and operationalized. The portal serves as a virtual incubator to Startups which provides access to information, knowledge, industry programmes, Government schemes, and networking opportunities within the Startup community and provides a one-stop digital platform for Startup aspirants, Startups and Ecosystem builders. The portal hosts Startups, investors, funds, mentors, incubators, accelerators, corporates, academia, Government bodies and more.

India is now among the largest Start-up ecosystems of the world. Women entrepreneurs have started becoming more prominent in the innovation economy. A large proportion of the Start-ups belong to Tier-II and Tier-III non-metro cities. Startup India has facilitated procurement from startups on the Government E-Marketplace (GeM) portal. Presently, 7438 startups have serviced orders worth over Rs. 1800 crore on GeM portal. A number of 'Startup Grand Challenges' with Government bodies and corporates have been organized to channelize them to work with startups and incorporate the spirit of innovation and entrepreneurship.



INVEST INDIA

Invest India is the National Investment Promotion and Facilitation Agency of India and acts as the first point of reference for investors in India. It is transforming the country's investment climate by simplifying the business environment for investors. Invest India provides multiple forms of support such as market entry strategies, deep dive industry analysis, partner search and location assessment policy advocacy with decision makers.

Invest India has been declared the winner of the 2020 United Nations Investment Promotion Award. The award recognizes and celebrates the outstanding achievements and best practices of Investment Promotion Agencies (IPAs) across the world.

LAND AVAILABILITY

To address the issue of land availability and identify the preferred location for investment of potential investors, the Government has developed an Industrial Information System (IIS). This system provides a GIS-enabled database of industrial areas including clusters, parks, nodes, zones, etc. across the country. 3500 industrial clusters covering 5 lakh hectares from all over the country have been mapped on Industrial Information System (IIS) along with net land area availability. A total of 13 States have been on boarded on the GIS National Land Bank so far. A mobile app has also been put in the public domain for ease of the investors. The Government is developing the Industrial Park Rating System 2.0 (IPRS) for assessing the parks on a variety of parameters including internal and

external infrastructure and connectivities, business support services and facilities and environment and safety management. The IPRS is expected to offer insights to potential investors for deciding on the location of their industrial units.

SINGLE WINDOW SYSTEM (SWS)

Entrepreneurs are required to seek clearances from various authorities for setting up their business. To facilitate and support businesses, the Government is setting up a central Single Window System (Investment Clearance Cell) in the form of a national portal that will integrate the existing clearance systems of the various Ministries/Departments of Govt. of India and State Governments. The portal is expected to be set up by April 2021.

EMPOWERED GROUP OF SECRETARIES (EGOS) & PROJECT DEVELOPMENT CELLS (PDCS)

To provide support and facilitation to investors for investing in India, also take up cross cutting policy issues, and to boost growth in key sectors of the economy, an Empowered Group of Secretaries (EGoS) and Project Development Cells (PDCs) have been set up. The PDCs have been set up in 29 Ministries/Departments to fast track investment in coordination between the Central Government and State Governments and thereby grow the pipeline of investible projects in India and in turn increase domestic investment and



FDI inflows. PDCs have conducted multiple stakeholder interactions, (with State Governments, industry associations, investors, embassies etc.) in the form of roundtables/webinars, digital road shows, and one-on-one meetings in virtual format. These interactions are focused on understanding & resolving industry wide issues, identifying policies that will unlock investment potential in sectors, pitching existing opportunities, exploring new projects/proposals etc.

ONE DISTRICT ONE PRODUCT (ODOP)

In the background of the Prime Minister's call for Atmanirbhar Bharat One District

One Product (OODP) being envisaged to be a transformational step forward realizing the true potential of a district, fuel economic growth and generate employment and rural entrepreneurship. ODOP has already been implemented in some of the States like UP. By scaling it up as a national movement, it is proposed to create a pool of 739 products from 739 districts in India. To begin with, 103 districts have been identified with specific products having manufacturing/ export potential. 68 products out of the 106 products are available on big ecommerce platforms.

Future Plan

The PLI schemes for the 10 shortlisted sectors approved in November 2020 are expected to be notified by April 2021. These schemes are aimed to push up the manufacturing in the country, bring in large scale investment and employment and introduce modern technology.

On EoDB, the broad objective is to be ranked among the top 50 countries of the world and the focus is on easing the compliance burden by implementing a two phase plan.

On Startups, to supplement the Fund of Funds scheme, two new schemes are to be launched (i) Credit Guarantee Scheme for Start-ups (CGSS) to provide debt funding to start-ups and (ii) Start-up India Seed Fund Scheme (SISFS) to provide

financial assistance to start-ups for proof of concept, prototype development, product trials, market entry, and commercialization.

To provide facilitation and support to businesses through a one-stop digital platform – the central Single Window System (SWS) is planned for launch with select states by 15 April, 2021.

On One District One Product (ODOP), an analysis of specific interventions such as marketing, technology, design, etc. is underway.



FDI investments in India grew by 20% in 2020: PM Modi at Indo-US trade summit

India and USA are natural partners, Prime Minister Narendra Modi said while addressing the 'India Ideas' summit organised by USIBC.

Govt raises FDI limit in defence production to 74% from 49%

\$20 billion and counting! Investments attracted by India in 3 months during Covid-19

 The Indian Express

FDI rises 18% to \$73.46 billion in FY20

Total foreign direct investment (FDI) into India jumped 18 percent to \$73.46 billion in the 2019-20 financial year — the highest in four years, according to data ...

May 29, 2020





सत्यमेव जयते

DEPARTMENT FOR PROMOTION OF
INDUSTRY AND INTERNAL TRADE
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GOVERNMENT OF INDIA