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The Indian economy has recorded a GDP growth rate of 7.6 % in 2015-16. This is despite the fact that internationally the overall economic scenario has not been very encouraging in recent years. The current global economic situation is marked by sluggish growth of the advanced economies with a downward revision of the growth projections. The World Output growth rate on year on year basis was **3.4%** in the year 2014, which came down to 3.1% in 2015. This decline was mainly due to decline in the growth rates of emerging markets and developing economies from 4.6% in 2014 to 4.0 % in 2015.

Economic Growth - : In sharp contrast to the rest of the world, India recorded a higher growth in GDP of 7.2 per cent in 2014-15, as compared to 6.6 per cent in 2013-14 and 5.6 per cent in 2012-13. **It is also estimated to have grown at a higher rate of 7.6 per cent in 2015-16**. GDP growth for the first quarter (Q1) of 2016-17 is estimated to be 7.1 per cent as against 7.5 per cent for Q1 of 2015-16.

The IMF, in its World Economic Outlook (WEO) -update, published in October 2016, estimated that India will grow by 7.6 per cent each in 2016-17 and 2017-18. World Bank's Report on Global Economic Prospects, published in June 2016, estimated that India will maintain the robust growth of 7.6 per cent in 2016 and 7.7 per cent in the following two years. Thus, against the global background, the current Indian growth is remarkable.

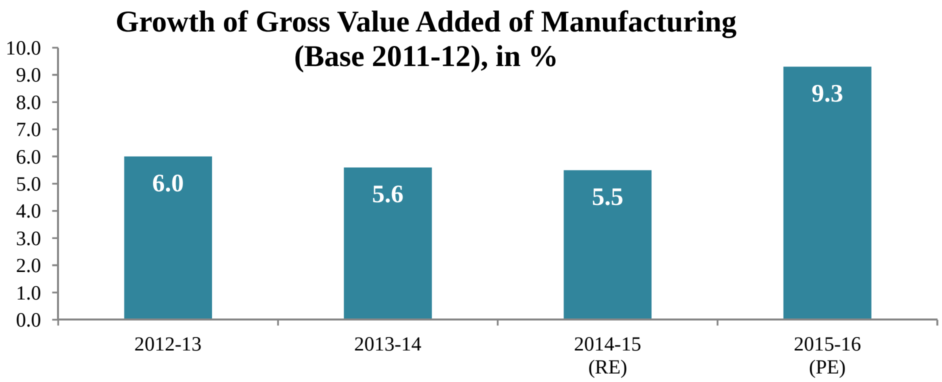
Inflation: - The annual rate inflation for All Commodities based on Wholesale Price Index (WPI)has shown a sharp decline from 9.56% in 2010-11 to **minus** 2.49% in the 2015-16. Inflation for manufacturing sector declined from 5.7 percent in 2010-11 to **minus 1.1** percent in 2015-16. All segments of industry except transport, equipment and parts showed decline in inflation in 2015-16 as compared to 2014-15,. WPI Inflation for manufacturing sector increased marginally to 1.5 percent in 2016-17. In 2016-17 (April-Sept) WPI inflation registered marginal decrease for industries like leather and leather products, paper and paper products, and rubber and plastic products but an increase for food products, beverage, tobacco and tobacco products, basic metals, alloy & metal products, chemical and chemical products, machinery and machine tools, and transport and equipment parts.

The details of WPI are given at **Annexure 1**

Manufacturing Sector – The Make in India' Programme globally launched as part of wider nation building initiatives on September 25th, 2014 and a lot has changed since then. India today stands stronger than ever. The Gross Value Added in the **manufacturing sector** has recorded a growth of 9.3% in 2015-16, much higher than the 5-6% growth in previous 3 financial years [6% in 2012-13, 5.6% in 2013-14 and 5.5% in 2014-15]. Infact, the growth of manufacturing sector in the last three quarters of 2015-16 has each been higher than the growth witnessed in any of the previous 11 quarters. This has been a major contributor to the healthy 7.6% growth of GDP in 2015-16.

Though Index of Industrial Production (IIP) with base year 2004-05 is showing a divergent trend in its growth, in the current context IIP is not a true representative of the manufacturing sector in the country. Since IIP represents the growth of a fixed basket of items, many of the items in the base year are not being produced any more. IIP manufacturing is only a small sub-set of GVA manufacturing. As a result of this, these two figures are not comparable. At present , Central Statistical Office is in the process of compiling new series of IIP revising the basket of items with base year 2011-12.

During April-August, 2016-17, Index of Eight Core Industries registered growth of 4.5%. The details of IIP and Index of Eight Core Industries are given at **Annexure 2.**



Source: National Accounts Statistics, Ministry of Statistics and Programme Implementation

Current account deficit: The current account deficit (CAD) for 2015-16 was 1.1 per cent of GDP as compared to 1.3 per cent of GDP in 2014-15. Thus, despite a decline in merchandise exports, India's external sector situation remains comfortable. The CAD narrowed to US$ 0.3 billion (0.1 per cent of GDP) in Q1 of 2016-17, which is significantly lower than US$ 6.1 billion (1.2 per cent of GDP) in Q1 of 2015-16. The contraction in the CAD was primarily on account of a lower trade deficit (US$ 23.8 billion in Q1 of current year vis a vis US$ 34.2 billion in Q1 of last year).

II: POLICY MEASURES

<u>Industrial Policy</u>

There are only 5 industries at present related to security, strategic and environmental concerns, where an industrial license is required:

- Electronic aerospace and defence equipment: all types.
- Industrial explosives including detonating fuses, safety fuses, gunpowder, nitrocellulose and matches.
- Specified Hazardous chemicals i.e. (i) Hydrocyanic acid and its derivatives; (ii) Phosgene and its derivatives and (iii) Isocyanates & Disocyanates of hydrocarbon, not elsewhere specified (example Methyl Isocyanate).
- Cigars and cigarettes of tobacco and manufactured tobacco substitutes.
- Fermentation Industry (other than Potable Alcohol)

(ii) **Defence Product List-** During 2014, the Defence Product List was notified, with the stipulation that any item not specifically included in the list, including those for dual use having military as well as civilian applications, stand de-licensed. Thereafter, the initial validity of Industrial licenses for all sectors has been extended to three years with a provision to grant two extensions of two years each. Moreover, while the time to commence commercial production is now seven years for licensable industries, for the Defence Sector, the initial validity of Industrial Licenses has been increased to 15 years with one subsequent extension of three years for existing as well as future licenses.

(iv) **Small Scale industries -** At present, the investment limit is up to Rs. 25 lakh for Micro Enterprises, between Rs.25 lakh to Rs. 5 crore for Small Enterprises and between Rs.5 to 10 crore for Medium Enterprises. As of now, there are no items exclusively reserved for MSMEs.

(vi) **Sectors reserved for Public Sector**

Consistent with the policy of liberalization of domestic industry, the numbers of industries reserved for public sector have also been reduced. During 2014, private investment in Rail Infrastructure has been permitted. Consequently, at present only two industrial sectors are reserved for public sector:

- Atomic Energy
- Railway Operations <u>other than</u> construction, operation and maintenance of Suburban corridor projects through PPP, High speed train project,dedicated freight lines, Rolling stock including train sets, and locomotives/ coaches manufacturing and maintenance facilities , Railway Electrification, signaling systems, freight terminals, Passenger terminals, infrastructure in industrial park pertaining to railway line/sidings including electrified railway lines and connectivities to main railway line and Mass Rapid Transport systems.

Private investment (domestic as well as foreign) has been allowed in construction, operation and maintenance of above mentioned in Railway infrastructure..

<u>Foreign Direct Investment (FDI) Policy</u>

The Government has taken a number of FDI Policy reforms, which are not only bold but also historic. The measures taken by the Government were directed to open new sectors for foreign direct investment, increase the sectoral limit of existing sectors and simplifying other conditions of the FDI policy.

Some of the sectors where FDI cap/route has been revised in the last two years are given below:

S.No	Sector/Activity	Earlier Cap/ Route	Revised Cap/Route
1.	Tea Plantation Sector	100% Government	100% Automatic
2.	Coffee, Rubber, Cardamom, Palm Oil tree and Olive Oil tree plantations	FDI Not Allowed	100% Automatic
3.	Broadcasting Carriage Services (Teleports, DTH, Cable Networks, Mobile TV, HITS)	74% Automatic up to 49%	100% Automatic
4.	Broadcasting Content Service: Up-linking of Non-'News & Current Affairs' TV Channels/ Down-linking of TV Channels	100% Government	100% Automatic
5.	Broadcasting Content Service a) FM Radio b) Uplinking of 'News & Current Affairs' TV Channels	26% Government	49% Government
6.	Airports – Brownfield	100% Automatic up to 74%	100% Automatic
7.	Air Transport Service - Non-Scheduled	74% Automatic up to 49%	100% Automatic
8.	Air Transport Service – Scheduled	49% Automatic	100% Automatic upto 49%
9.	Air Transport Service – Regional Air Transport Services	Not allowed	100% Automatic upto 49%

10.	Ground Handling Services	74% Automatic upto 49%	100% Automatic
11.	Duty Free Shops	No Such Provision	100% Automatic
12.	Food Product Retail Trading	Not Allowed	100% Government up to100%
13.	Railway Infrastructure*	Not Allowed	100% Automatic
14.	Asset Reconstruction Companies	100% Automatic upto 49%	100% Automatic
15.	Credit Information Companies	74% Automatic	100% Automatic
16.	White Label ATM Operations	No Such Provision	100% Automatic
17.	Pharma – Medical Devices	100% Government being part of pharma	100% Automatic
18.	Pharma – Brownfield	100% Government	100% Automatic upto 74%
19.	Defence	26% Government	100% Automatic upto 49%
20.	Satellites- establishment and operation	74% Government	100% Government up to 100%
21.	Insurance	26% Automatic	49% Automatic
22.	Pension	No such provision	49% Automatic
23.	Private Security Agencies	49% Government	74% Automatic upto 49%

Details of Action taken after 1.4.2014 are given at **Annexure 3**

FDI inflows

Foreign Direct Investment- The resultant positive environment generated after the steps taken by the Government of India, has been recognized by investors both domestic and foreign. FDI equity inflows in the last two financial years (2014-2016) have increased by 53% as compared to previous two financial years (2012-2014). The total FDI inflows received during the last financial year (2015-16) at US$ 55.6 billion, an increase of 23% compared to the previous financial year (US$ 45.1 for 2014-15), has been the highest ever for any financial year till date. The business community is enthused towards setting up manufacturing facilities in India. IKEA, Google, Philips Health Care, Hyundai Heavy Industries, Seimens, GAP are all in the list of present and prospective investors. The number of countries from where FDI flows is coming in and the sectors in which they are being routed have also diversified in the last two years owing to FDI policy reforms that have spanned across various sectors.

The Foreign Direct Investment (FDI) inflow in the month of August, 2016 was US$ 4.8 billion as compared to US$ 2.22 billion in August, 2015. The FDI inflow during April-August, 2016-2017 stood at US$ 16.48 billion as compared to US$ 13.74 billion in April-August 2015-2016.

<u>Intellectual Property Rights</u>:

India has a well-established legal framework to safeguard Intellectual Property Rights (IPRs) which meets its international obligations. The IPR Policy covers different forms of IPRs i.e. Patent, Trade Marks, Geographical Indications, etc.

National Intellectual Property Rights (IPR) Policy 2016

A comprehensive National Intellectual Property Rights (IPR) policy has been adopted for the first time to lay the future roadmap for intellectual property. The objective is to increase IPR awareness; stimulate generation of IPRs; have strong and effective IPR laws; modernize and strengthen service-oriented IPR administration; get value for IPRs through commercialization; strengthen the enforcement and adjudicatory mechanisms for combating IPR infringements; and to strengthen and expand human resources, institutions and capacities for teaching, training, research and skill building in IPRs. The platform along with other initiatives to improve Indian intellectual property ecosystem hopes to create an innovation movement in the country and aspires towards “Creative India; Innovative India” “**रचनात्मक भारत**; **अभिनव भारत**”.

Subsequent to the approval of Government for the National Intellectual Property Rights (IPR) Policy, 2016, a Cell for Intellectual Property Rights Promotion and Management (CIPAM) has been created as a professional body which will be working under the aegis of DIPP for addressing the 7 identified objectives of the Policy. Among other aspects, it will study IP processes to simplify and streamline them, monitor public grievances, oversee capacity building of human resources and institutions for outsourced search activities, promote commercialization of IPRs and endeavor to provide a platform to connect innovators and creators to potential users, buyers, investors and funding institutions

It will coordinate with agencies at State level and with the various Ministries/ Departments of the Union Government. The data generated at CIPAM shall serve as a valuable resource for future policy.

Present Scenario

A concerted effort has been made to augment the manpower so as to achieve the target of doing First Examination of patent appliations within 18 months by March, 2018. 458 technically qualified new Patent Examiners have been recruited, of whom 396 have already joined the existing 130 – making a four-fold increase in their number. The number of Controllers has also gone up.

In Trade Marks, the filing went up by 35% in 2015-16 to an all-time high of 2, 83,060 applications. In this IP too, 100 examiners have been appointed on contract. The pendency has already started coming down from 13 months for First Examination, to 5½ months now.

In the year 2015-16, Rajiv Gandhi National Institute of Intellectual Property Management (NIIPM) conducted a total of 53 training and awareness programmes on IPRs. This included 20 Awareness programmes for various stakeholders and 33 training programmes on IPRs for 1 to 5 days duration.

National Design Policy and National Institutes of Design

National Design Policy envisages a key role for design in enhancing the competitiveness of Indian industry. The focus is on spread of design education, branding of Indian designs and the establishment of a Design Council. The National Institute Design Act, 2014 has been notified on 18th July, 2014 for declaration of NID, Ahmedabad as an 'Institution of National Importance'. The Department is now in the process of establishing 4 new NIDs at Jorhat (Assam), Bhopal (Madhya Pradesh), Kurukshetra (Haryana) and Vijayawada (Andhra Pradesh). The land for these Institutes has been allotted by the respective State Governments.

The academic session at NID, Vijayawada started in 2015-16 for four-year Undergraduate programmes. The admission process for 2016-17 in NID, Kurukshetra for its four-year undergraduate programme is going on.

III. SCHEMES FOR INVESTMENT PROMOTION SINCE 2014

(i) Ease of Doing Business-

Over the past two years, the Government of India has implemented a host of reforms to make it easier for businesses to start, operate and exit. These are as follows.:

I. Enactment of the Insolvency and Bankruptcy Code has transformed India's corporate insolvency landscape by replacing outdated laws with a new legal framework. Once implemented, it will improve our rank significantly in resolving insolvency index in next year's ranking.
II. The constitutional amendment to enact a Goods and Services Tax, which will promote a common market across the country. On implementation, our rank on Starting a Business and Paying Taxes will improve significantly next year.
III. Introduction of online single window systems for building plan approval in Delhi and Mumbai, integrating permissions of various agencies. This has reduced time to process and issue building plan approvals from 231 days to 21.85 days on an average in Delhi, and from 147 days to 26.39 days in Mumbai. This will be reflected only in next year's report after private sector respondents have used the system widely.
IV. Introduction and streamlining of INC-29 for company incorporation, which is currently used by 30% of new companies. This reform was not factored in this year because as per the World Bank's methodology more than 50 per cent of users should have used the system in the period 2nd June, 2015 to 1st June, 2016.
V. The elimination of the requirement of a company seal while applying for government registrations and permissions at the time of setting up of a business. The Companies Act, 2013 was amended in 2015 to make provision for the same.
VI. Online registration for ESIC and EPFO registration, which has expedited the time to register. This functionality has been made applicable from 1st December, 2015.
VII. Online filing and payment of returns at the Employee's Provident Fund Organization, where the majority of returns and payments are now filed and paid fully online. It was implemented by EPFO on 5th June, 2015.
VIII. Streamlining of name reservation process at Ministry of Corporate Affairs, reducing the time taken to an average of 1.86 days.
IX. Registration under VAT and Profession Tax has been merged into a single process from 1st January, 2015 by Government of Maharashtra.
X. Registration for VAT in Delhi has been made online and is allotted on real time and business can start operations immediately on receipt of TIN number.
XI. Delhi Pollution Control Committee has removed the requirement of obtaining consent to establish for a non-hazardous warehouse.
XII. Time required to get electricity connection has been reduced to 15 days in both Mumbai and Delhi.

The World Bank in its latest Doing Business Report 2017 has not recognized above reforms. However, World Bank has recognized the following Reforms:

I. On Getting Electricity, the report recognized the efforts of Tata Power in Delhi to make it faster and cheaper to obtain an electricity connection. These efforts, combined with efforts in Mumbai last year, have allowed India to improve its rank on this indicator from 137 in Doing Business 2015 to 26 in this year's report, a 111 rank improvement.

II. The report has also recognized the establishment of Commercial Divisions within the High Courts in Delhi and Mumbai to deal with commercial cases above Rs. 1 crore. This has allowed India to improve its rank by 14 places in 2 years.

III. In the area of Trading Across Borders, the report recognized the implementation of the Single Window Interface for Trade (ICEGATE), which integrates approvals and risk-based frameworks of customs and nine departments to provide traders with a single online interface for import clearances.

IV. On Paying Taxes, the report recognized online filing and payment of returns at the Employee's Social Insurance Corporation.

The improvements brought out in easing the requirements for starting a business, construction permits , getting electricity, trading across borders , resolving insolvency, enforcing contracts, registering property , getting credit and paying taxes. details are given at **Annexure 4.**

The Report on "Assessment of State Implementation of Business Reforms" September 2015, takes stock of reforms implemented by States from January to June 2015 based on a 98-point (agreed between DIPP and State/UTs) action plan for business reforms and ranks them on the basis of reforms implemented.

The assessment reveals that States are at different levels of implementation on the 98-point action plan. The implementation status of each State has been converted to a percentage, and on the basis of this the State rankings have been calculated.

Table 1: Rankings of States, Assessment of State Implementation of Business Reforms

Rank	State	Score	Rank	State	Score
1	Gujarat	71.14%	17	Himachal Pradesh	23.95%
2	Andhra Pradesh	70.12%	18	Kerala	22.87%
3	Jharkhand	63.09%	19	Goa	21.74%
4	Chhattisgarh	62.45%	20	Puducherry	17.72%
5	Madhya Pradesh	62.00%	21	Bihar	16.41%
6	Rajasthan	61.04%	22	Assam	14.84%
7	Odisha	52.12%	23	Uttara hand	13.36%
8	Maharashtra	49.43%	24	Chandigarh	10.04%
9	Karnataka	48.50%	25	A&N Islands	9.73%
10	Uttar Pradesh	47.37%	26	Tripura	9.29%
11	West Bengal	46.90%	27	Sikkim	7.23%
12	Tamil Nadu	44.58%	28	Mizoram	6.37%
13	Telangana	42.45%	29	Jammu & Kashmir	5.93%
14	Haryana	40.66%	30	Meghalaya	4.38%
15	Delhi	37.35%	31	Nagaland	3.41%
16	Punjab	36.73%	32	Arunachal Pradesh	1.23%

The next Report on “Assessment of State Implementation of Business Reforms” will be released shortly.

(ii) E-Biz Mission Mode Project

The Government has initiated the e-Biz Project, a Mission Mode Project under the National e-Governance Project, to provide online registration, filing payment services to investors and business houses. The eBiz Portal showcases the transactional capabilities of G2B service delivery mechanism with a payment Gateway facilitating online payment through internet banking, Credit & Debit Card and an ePAO Solution set up for centralized booking and re-conciliation of Central Government Ministries/Departments’ fees collected through eBiz portal. The eBiz portal is accessible at http://www.ebiz.gov.in.

The eBiz portal currently provides 20 Central Government services pertaining to pre-registration, registration & filing services. In addition, 14 services of Government of Andhra Pradesh, 14 services for Govt. of Odisha and two services of Govt. of NCT of Delhi have been launched. Also, 3 joined-up service (Composite Application Form & one-time payment for multiple services) services named INC7 with 7 services, INC29 with 5 services and 5 services under Labour Act of Ministry of Labour & Employment has been launched. In addition, a composite Application Form comprising of 14 common State Government services covering pre-registration and registration is under software development for 8 pilot states. Besides integration of 6 Central Government services are at various stages of integration.

(iii) **Make In India (MII): -** The Prime Minister of India launched the ‘Make in India’ global initiative on 25th September, 2014 to invite both domestic and foreign investors to invest in India. The initiative was simultaneously launched in the Capital of all states and in several Indian Embassies/High Commissions.

The ‘Make in India” initiative is based on four pillars, which have been identified to give boost to entrepreneurship in India, not only in manufacturing but also other sectors. The four pillars are:

- **New Processes**: ‘Make in India’ recognizes ‘Ease of Doing Business’ as the single most important factor to promote entrepreneurship. A number of initiatives have been undertaken to ease business environment.

- **New Infrastructure**: Government intends to develop industrial corridors and smart cities, create world class infrastructure with state-of-the-art technology and high-speed communication. Innovation and research activities are supported through fast paced registration system and improved infrastructure for IPR registration. The requirement of skills for industry are to be identified and accordingly development of workforce to be taken up.

- **New Sectors**: ‘Make in India’ has identified 22 thrust sectors in manufacturing, infrastructure and service activities for monitoring of their action plans through an interactive web-portal. FDI has been opened up in Defence Production, Insurance, Medical Devices, Construction and Railway infrastructure in a big way.

- **New Mindset**: There has been a paradigm shift in the role of the Government. In order to partner with industry in economic development of the country Government now acts as a facilitator and not a regulator.

Action Plans under MII have been announced by 21 of the 22 thrust sectors. Quantifiable and measurable milestones in respect of each activity of the Action Plans have been identified by the Ministries/Departments concerned, with a view to monitoring the implementation of these Action Plans. The list of sectors which are being tracked on Make in India Dashboard are as below:

S. No	Sectors	S. No	Sectors
1.	Basic Metals & Cement (Mines and Steel)	12	ICTE Manufacturing
2.	Food Processing	13	Media & Entertainment
3.	Gems & Jewellery	14	Capital Goods & Automobile
4.	Leather & Leather Products	15	Skill Development
5.	MSME	16	Aerospace & Defence
6.	Oil & Gas	17	Pharmaceuticals
7.	Aviation	18	Textiles & Apparel
8.	Tourism	19	Railways
9.	Ports & Shipping	20	Power
10.	Biotechnology	21	Chemicals & Petrochemicals
11.	New & Renewable Energy	22	Space

Initiatives taken under 'Make in India campaign'

- After the launch of 'Make in India' initiative by the Hon'ble Prime Minister on 25th September 2014, a National Workshop was held on 29th December 2014, wherein Ministries/Departments concerned with 22 thrust sectors identified under 'Make in India', announced their Action Plans for implementation over one year and three years. Quantifiable and measurable milestones in respect of each activity of the Action Plans have been identified by the Ministries/Departments concerned. With a view to monitoring the implementation of these Action Plans. A total of 123 Make in India Action Plans Short term and Medium Term have been identified across 22 sectors and are being monitored regularly.

- This Department has launched an online 'Make in India Dashboard' on 8th April 2016, to enable Ministries/Departments to view and update the progress of their Action Plans on their own in a timely manner. This Dashboard is being monitored by DIPP to evaluate the overall progress of the 'Make in India' related initiatives and address and resolve any issues. The web-based system is aimed at facilitating proactive monitoring of various commitments under the 'Make in India' initiative.

- The Make in India initiative is a dynamic exercise which involves redefining the sectors covered by 'Make in India', adding new sectors while removing sectors that lose relevance in an evolving economy, to maximize job creation potential with evolution of the economy. It should also expand its reach to include service sectors, which have the greatest employment potential. Make in India would thus get enlarged to embrace Serve from India. Sectors such as tourism and hospitality, which are important for their job creation potential. India has a natural advantage in these sectors. The focus will be on creating more high-end jobs, as also on reducing unemployment.

- With the objective to generate awareness about the investment opportunities and prospects of the country, to promote India as a preferred investment destination in the markets overseas and to increase Indian share of Global FDI, an interactive portal http://www.makeinindia.com has been created for dissemination of information and interaction with the investors.

- Government has recently issued the Two Year Sectoral Achievement Report under Make in India for the 'Food Processing' and 'Tourism and Hospitality' sectors. These are available on the website of the DIPP.

Global Competitive Index- India has been ranked 39th among the 138 countries in the 2016-17 Global Competitiveness Index (GCI) released as part of the World Economic Forum's (WEF) Global Competitiveness Report for 2016-17. India has jumped 32 positions in two years , from 71st in 2014 to 39th in 2016-17.

Logistic performance Index- India's ranking in the World Bank's measure of international supply chain efficiency, Logistics Performance Index, has jumped by 19 positions, from 54 in 2014 to 35 in 2016.

Expanding outreach:

- Targeting of focused investors from top global companies operating in "Make in India" Sectors in key markets and inviting them to invest in India.
- High level one to one focused interactions with potential investors in focused manner.
- Facilitating investments towards the objective of making India a part of the global value chain and helping foreign companies during various investors outreach activities.
- Association with the Indian Mission abroad to engage their commercial wings in continuous information dissemination about "Make in India" Initiative and various changes in the policy regime and improvements in ease of doing business.
- Successful execution of market entry support programme namely "Make in India Mittelstand" Programme (MIIM) for handholding support to formalize investments.
- Market Entry Support Programme (MESP)- provide market entry support services in collaboration with Indian Embassies based on "Make in India Mittelstand" model. Proposed extension of this programme in 13 new countries in 2016-17.

(iv) Startup India: - "Startup India" initiative aims at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive to the growth of Start-ups. The objective is to make India a nation of job creators instead of job seekers. To bring uniformity in the identified enterprises, an entity shall be considered as a 'startup' on the following criteria:

a. Up to five years from the date of its incorporation/registration,
b. If its turnover for any of the financial years has not exceeded Rupees 25 crore, and
c. It is working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property;

Provided, however, that any such entity formed by splitting up or reconstruction of a business already in existence shall not be considered a 'startup';

Details of initiatives taken under 'Startup India'

The Startup India initiative aims at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive to growth of Startups. The initiative strives for providing animpetus to the entrepreneurial set up in economic landscape of India. An Action Plan of 19 action items spanning across areas such as "Simplification and handholding", "Funding support and incentives" and "Industry-academia partnership and incubation" were announced. The purpose is to nurture emerging talent and entrepreneurship as part of the larger goal of nation building. The objective is to make India a nation of job creators instead of job seekers. Since the launch of the initiative, a number of forward looking strategic amendments to the existing policy ecology have been introduced, like:

- ***Fund of Funds*** : For providing fund support for Startups, Government has created a 'Fund of Funds for Startups (FFS)' at Small Industries Development Bank of India (SIDBI) with a proposed **corpus of ₹ 10,000 crore**. FFS is expected to act as an enabler to attract private capital in the form of equity, quasi-equity and other risk capital for Startups. SIDBI will provide the FFS to SEBI registered Alternative Investment Funds (AIFs) which, in turn, will invest in Startups. In 2015-16 the FFS corpus was given ₹ 500 crore. For 2016-17, ₹ 600 crore has been earmarked for the corpus. Operational guidelines have been issued by DIPP.

- **Credit Guarantee Scheme (CGS) for Start-ups-** Since Debt funding for Startups is perceived as high risk area, a Credit Guarantee Fund for Startups is being established with a budgetary corpus of Rs 2000 crore. This will provide credit guarantee cover to banks and lending institutions providing loans to Startups.

- ***Startup Hub***: A startup India Hub has been set up to address queries of various startups and assist them through their lifecycle. Additionally, a facility for interaction for entrepreneurs on Twitter known as 'Twitter Seva' has also been launched. Till **16th October**, the hub has been able to handle **21,436** queries received from Startups through telephone, email and Twitter

- ***Rolling-out of Mobile App and Portal***: The Startup India Portal and Mobile App have been made operational. The portal and app provide functionalities such as making application for obtaining startup recognition, verification of recognition certificate, information availability such as list of incubators, Securities and Exchange Board of India (SEBI) registered funds, notifications issued by various Departments, etc.

- ***Fast-tracking Patent Registration and Legal Support***: A scheme for Startups IPR Protection (SIPP) for facilitating fast track filing of Patents, Trademarks and Designs by Startups has been introduced. The scheme provides for expedited examination of patents filed by, Startups. This will reduce the time taken in getting patents. The fee for filing of patents for Startups has also been reduced up to 80%.

- ***Relaxed Norms in Public Procurement for Startups***: Provisions have been introduced in the procurement policy (Policy Circular No. 1(2) (1)/2016-MA dated March 10, 2016) to relax norms pertaining to prior experience / turnover for Micro and Small Enterprises.

- ***Faster Exit for Startups***: A special provision in the Insolvency and Bankruptcy Code (IBC) has been introduced to provide for expeditious winding-up of Companies and LLP's within 90 days.

- ***Tax Incentives***: The Finance Act 2016 provides for income tax exemption for 3 years for Start-up companies, certified incorporated between 1st April 2016 and 31st March 2019 and duly certified by the Inter-Ministerial Board. Tax exemption on investments above Fair Market Value have been introduced on 14 June 2016 for investments made in Startups and Tax exemption upto a specified limit has been provided on capital gains on notified investments.

- ***Launching Atal Innovation Mission, Setting up Nationwide Incubator Network and Incubator Grand challenge*:** Detailed scheme guidelines for Atal Innovation Mission (AIM), setting up nationwide incubator network and incubator Grand Challenge have been formulated by National Institution for Transforming India (NITI) Aayog in consultation with various stakeholders of the startup ecosystem.

- ***Building Innovation Centres and Setting up of Seven Research Parks***: 2 research parks, 16 Technology Business Incubators (TBIs) and 10 Startup Centres have been approved and shall be made operational soon. 25-30 new Innovation Centres have been envisaged to be launched in the current financial year.

- ***Promoting Startups in Biotechnology Sector***: Scheme guidelines have been drawn by Department of Bio-Technology (DBT) to scale up existing 15 bio-incubators.

- ***Self-Certification Compliance Regime***: Ministry of Labour and Employment (MoLE) has issued guidelines to State Governments towards adoption of self-certification across six labour laws. Ministry of Environment and Forests (MoEF) has published a list of white category industries that would self-certify compliance across three environment laws.

- ***Launching of Innovation Focused Programs for Students***: Scheme guidelines for Innovation core and Ucchattar Avishkar Yojana (UAY) have been finalized by Ministry of Human Resource Development (MHRD). The guidelines for the National Initiative for Developing and Harnessing Innovations (NIDHI) has been formulated and notified.

In the Global Innovation Index (GII) released by the World Intellectual Property Organization (WIPO), India climbed 15 spots, from 81 in year 2015 to 66 in the current year. Among middle income countries, India came second after China in innovation quality, overtaking Brazil.

(v) Invest India- Invest India is the official Investment Promotion and Facilitation Agency of the Government of India, mandated to facilitate investments into India. It is promoted by the Department of Industrial Policy & Promotion (DIPP), Ministry of Commerce and Industry (Government of India), the State Governments of India and the Federation of Indian Chambers of Commerce & Industry.

It is envisaged to be the first point of reference for potential investors. It has a team of domain and functional experts to provide sector-and state-specific inputs, and hand-holding support to investors through the entire investment cycle, from pre-investment decision-making to after-care. The Invest India teams also assists with location identification; expediting regulatory approvals; facilitating meetings with relevant government and corporate officials; and also provides aftercare services that include initiating remedial action on problems faced by investors. All facilitation and hand-holding support to investors under the “Make in India” Programme is being provided by Invest India.

(vi) Bilateral Forums for Investment Promotion and Facilitation

In order to encourage investment in India from across the globe, the Government has taken many initiatives which inter-alia includes establishing bilateral forums with some specific countries/ blocks. Some important of such bilateral arrangements are:-

***Japan Plus*- It** is a special management team was set up by DIPP to facilitate and fast track investment proposals from Japan. It comprises representatives from Government of India and METI (Ministry of Economy, Trade and Industry), Government of Japan. The Japan Plus is operationalized w.e.f. 8th October, 2014. The mandate of this team runs through the entire spectrum of investment promotion–research, outreach, promotion, facilitation and aftercare. The team supports the Government of India in initiating, attracting, facilitating, fast tracking and handholding Japanese investments across sectors. The team is also responsible for providing updated information on investment opportunities across sectors, in specific projects and in industrial corridors in particular. In addition, “Japan Plus” team will identify prospective Japanese companies, including, Small and Medium Enterprises (SMEs) and facilitate their investments in India. The team will also provide assistance to DIPP to identify bottlenecks and areas of concern in sectors of interest to Japanese companies, and analyzing their impact on industrial development production in India.

***Korea Plus*-** Korea Plus is a special initiative to promote and facilitate Korean Investments in India. It was operationalized on June 18, 2016 comprises of a representative from the Ministry of Industry, Trade and Energy, Government of the Republic of Korea and representative from Korea Trade Investment and Promotion Agency (KOTRA) and three representatives from Invest India.

The mandate of Korea Plus covers the entire investment spectrum including supporting Korean enterprises entering the Indian market for the first time, looking into issues faced by Korean companies doing business in India and policy advocacy to the Indian Government on their behalf. Korea Plus will act as a mediator in arranging meetings, assisting in public relations and research/evaluation and provide information and counselling in regard to Korean companies’ investing in India.

IV. SUPPORT TO INDUSTRIES

(i) Industrial Infrastructure Upgradation Scheme (IIUS)/ Modified Industrial Infrastructure Upgradation Scheme (MIIUS).

(a) IIUS was launched in 2003 with the objective of enhancing industrial competitiveness of domestic industry by providing quality infrastructure through public private partnership in selected functional clusters/locations which have potential to become globally competitive. A total number of 37 projects were approved in 10th and 11th Five Year Plan Periods under IIUS and these projects have been provided central assistance of ₹ 1400.54 crore (till July, 2016), out of sanctioned central grant of ₹ 1526.00 crore. Out of these 37 projects, **28** projects have been completed and remaining **9** are under implementation.

(b) ‘Modified Industrial Infrastructure Upgradation Scheme (MIIUS)’ was notified in July 2013. Under MIIUS, projects have been undertaken to upgrade infrastructure in existing Industrial Parks/ Estates/ Areas. Greenfield Projects can also be undertaken in backward areas and North Eastern Region (NER) under the scheme. Projects are being implemented by the State Implementing Agency (SIA) of the State Government. Central Grant upto 50% of the project cost with a ceiling of ₹ 50.00 crore is provided under MIIUS with at least 25% contributions of State Implementing Agency and in case of North Eastern States, the central grant and minimum contribution of the SIA are up to 80% and 10% respectively. A two stage approval mechanism has been retained in the MIIUS. Final approval has been accorded to 24 projects with central grant amounting to ₹ 604.71 crore and 6 projects with central grant of ₹ 129.91 crore are at 'in-principle' approval stage. Central assistance of ₹ 181.92 crore has been released to 22 projects (this includes release of 2nd instalment to Ujjaini, MP and Bodhjungnagar, Tripura Bidar (Karnataka) projects) as on 025.08.2016 under MIIUS.

(ii) Industrial Corridors

The Department has taken up this programme of building pentagon of Industrial Corridors across the country with an objective to provide developed land and quality infrastructure for development of industrial townships. The basic idea behind building these corridors is to create a strong economic base with a globally competitive environment and state-of-the-art infrastructure to activate local commerce, enhance investments and attain sustainable development. These five industrial corridors are:-

Delhi-Mumbai Industrial Corridor (DMIC)- The Delhi-Mumbai Industrial Corridor (DMIC) is being developed on either side, along the alignment of the 1483 km long Western Dedicated Rail Freight Corridor between Dadri (UP) and Jawaharlal Nehru Port Trust (JNPT), Navi Mumbai. It covers six States namely (1) Uttar Pradesh, (2) Haryana, (3) Rajasthan, (4) Madhya Pradesh, (5) Gujarat and (6) Maharashtra. Currently, following seven Nodes/ Industrial Regions/Areas are being focused for development across these States.The Delhi It is being developed as a global manufacturing and investment destination and has made significant strides since the approval of institutional and financial structure in September, 2011. DMIC Industrial cities are being benchmarked against recently established industrial cities in other parts of the world. An institutional framework with a dedicated Special Purpose Vehicle (SPV) viz. Delhi Mumbai Industrial Corridor Development Corporation (DMICDC) was set up for project development, coordination and implementation of the projects. DMIC Project Implementation Trust Fund has been set up as a Trust in September, 2012. The land for the new industrial cities will be the contribution of the State Government.

The project is being implemented in stages. Initially, eight Investment Regions are being taken up in addition to some projects demonstrating cutting edge technologies. Brief status of projects under implementation of DMIC projects is at **Annexure-5.**

Amritsar Kolkata Industrial Corridor (AKIC):- AKIC project is proposed to be structured with the Eastern Dedicated Freight Corridor (EDFC) of Railway as the backbone. The AKIC will cover the 7 states namely Punjab, Haryana, Uttar Pradesh, Uttarkhand, Bihar, Jharkhand and West Bengal and it intends to facilitate development of a well-planned and resource efficient industrial base served by world-class sustainable connectivity infrastructure, bringing significant benefits in terms of innovation, manufacturing, job creation and resource security to states coming within its Influence Region. I t is planned in a way that there would be Industrial clusters spread over 2500 acres of land in each of the 7 states, to be called as Integrated Manufacturing Clusters (IMCs).

Bengaluru Mumbai Economic Corridor (BMEC):- **The** Industrial corridor falls in the States of Karnataka and Maharashtra. A total number of ten nodes, four in Maharashtra and six in Karnataka have been identified for perspective planning. State Government of Karnataka identified 'Dharwad' as the first industrial node in Karnataka under the BMEC.

Chennai Bengaluru Industrial Corridor (CBIC):- The corridor between Chennai-Bengaluru Chitradurga (around 560 Km) would have an influence area spread across the States of

Karnataka, Andhra Pradesh and Tamil Nadu. It will help synergise existing infrastructure in these cities. Modalities for the preparation of the Integrated Master Plan for development.

Vishakhapatnam Chennai Industrial Corridor (VCIC):- The corridor is envisaged to develop industrial activity along the eastern coast in the States of Andhra Pradesh and Tamil Nadu. Asian Development Bank (ADB) is the nodal agency for implementing the VCIC project. Out of four nodes namely Visakhapatnam, Kakinada, Gannavaram and Kankipadu and Srikalahasti-Yerpedu of Andhra Pradesh identified by ADB in CDP-VCIC region, ADB prioritised two nodes namely Vishakhapatnam and Srikalahasti-Yerpedu for which master planning has been initiated in third quarter of 2015.

(iii) Indian Leather Development Programme (ILDP)

This programme aims at augmenting raw material base through modernization and technology upgradation of leather units, addressing environmental concerns, human resource development, supporting traditional leather artisans, addressing infrastructure constraints and establishing institutional facilities. Total Outlay approved for 12th Plan period is ₹ 990.36 crore. Achievements under the ILDP in last two years include:

a) Skilling and Employment generation

- The human resource development component of the ILDP focusses on skill development for the sector. It provides placement linked skill development training to unemployed fresh persons, skill upgradation training to employed workers as well as training of trainers.

- Placement linked, skill development training to unemployed fresh persons @ ₹ 15,000 per person, was provided by the Footwear Design and Development Institute (FDDI) to 314200 unemployed persons. 81 per cent of these **trainees** have been employed in the leather and footwear industry.

- Skill up-gradation training has been provided to **6000** workers @ ₹ 5,000 per person.

b) Modernization / Technology upgradation

- Technology up-gradation/modernization of existing leather units have been approved for 355 units in the leather, footwear and accessories sector, involving GOI assistance as investment grant @30% to small & micro units and @20% to other units, amounting to ₹ 116 crore and with total investment of Rs. 481.50 crore in the sector.

c) **Addressing environmental concerns in the Leather (Tannery Sector)**

- The Central Leather Research Institute (CLRI), Chennai is undertaking a project of Solid Waste Management in the Calcutta Leather Complex with GOI assistance of ₹ 95.12 lakh. Of this ₹ 57.07 lakh has already been released.

d) Integrated infrastructure under Mega Leather Cluster sub-scheme

- Government has approved establishment of one Mega Leather Cluster at Nellore, Andhra Pradesh with GOI assistance of ₹ 125 crore

e) Establishment of Institutional Facilities – assistance to FDDI for new training centres

- Two new branches of FDDI are being constructed in Ankleshwar (Gujarat) and Banur (Punjab) with GOI assistance of ₹ 100 crore per branch.

f) Leather is one of the 22 focus sectors under “Make in India” initiative. Over the last two years several overseas outreach activities have been undertaken for investment promotion in this sector. These include promotional road shows and B2B meetings in Germany, USA, Brazil, China, Italy and Taiwan.

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Annexure 1

Wholesale Price Index (WPI) with Base Year: 2004-05 (Financial Year Wise)

COMMODITIES	Weight	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 (P)*
All Commodities	100.00	104.5	111.4	116.6	126.0	130.8	143.3	156.1	167.6	177.6	181.2	176.7	181.8
I Primary Articles	20.12	104.3	114.3	123.9	137.5	154.9	182.4	200.3	220.0	241.6	248.8	249.6	263.0
(A) Food Articles	14.34	105.4	115.5	123.6	134.8	155.4	179.6	192.7	211.8	238.9	253.4	262.1	278.1
(B) Non-Food Articles	4.26	96.7	102.3	114.4	129.2	136.2	166.6	182.7	201.9	213.2	212.1	219.5	231.3
(C) Minerals	1.52	115.2	136.6	152.8	186.5	202.9	253.3	320.7	346.9	346.5	308.5	216.2	209.9
Ii Fuel & Power	14.91	113.6	120.9	121.0	135.0	132.1	148.3	169.0	186.5	205.4	203.5	179.8	183.3
A. Coal	2.09	117.6	117.7	121.7	151.3	156.5	165.3	191.0	208.6	190.8	189.8	189.9	190.8
B. Mineral Oils	9.36	116.7	127.4	126.3	141.8	135.8	157.5	184.0	202.5	226.0	219.6	179.5	185.7
C. Electricity	3.45	102.6	105.3	106.2	106.4	107.4	113.2	115.0	129.8	158.7	168.0	174.3	172.3
Iii Manufactured Products	64.97	102.4	108.2	113.4	120.4	123.1	130.1	139.5	147.1	151.5	155.1	153.4	156.4
(A) Food Products	9.97	101.2	106.5	110.3	119.9	136.1	141.2	151.2	163.5	168.8	172.9	174.2	188.7
(B) Beverages, Tobacco & Tobacco Products	1.76	104.7	110.0	117.2	128.3	136.2	146.2	163.3	175.3	186.0	200.8	206.5	220.4
(C) Textiles	7.33	98.9	100.8	101.5	103.2	106.7	119.6	128.5	131.4	139.0	142.6	140.2	141.5
(D) Wood & Wood Products	0.59	105.7	111.9	119.4	130.7	143.3	149.0	161.0	171.0	179.1	187.8	195.7	198.5
(E) Paper & Paper Products	2.03	103.6	108.4	111.6	116.3	118.9	125.2	131.9	136.6	143.0	150.7	154.5	156.2
(F) Leather & Leather Products	0.84	104.3	112.5	116.0	122.3	128.4	127.1	130.0	134.2	143.1	145.0	144.9	145.9
(G) Rubber & Plastic Products	2.99	101.9	107.6	112.2	117.3	118.2	126.1	133.6	137.5	146.0	149.9	147.2	146.9
(H) Chemicals & Chemical Products	12.02	103.8	108.9	112.8	118.1	117.8	124.0	134.7	143.6	148.9	152.8	150.5	150.8
(I) Non-Metallic Mineral Products	2.56	103.4	115.4	128.3	131.7	140.9	144.6	152.9	163.3	166.2	172.9	177.3	178.9
(J) Basic Metals, Alloys & Metal Products	10.75	102.2	111.7	123.2	138.0	129.5	140.7	156.3	166.1	164.5	165.6	154.6	153.5
(K) Machinery & Machine Tools	8.93	103.6	110.1	114.1	117.4	118.0	121.3	125.1	128.4	131.6	134.6	135.0	135.4
(L) Transport, Equipment & Parts	5.21	102.7	105.0	107.6	113.3	116.8	120.3	124.6	129.8	134.5	136.2	138.1	139.6

Note: P* Upto September, 2016. Figures for August and Septemeber, 2016 are Provisional in Figures of 2016-17

Industrial Performance

The Industrial performance measured in terms of Index of Industrial Production (IIP) has shown fluctuating trend over the last few years. Due to global economic slowdown, overall industrial growth which peaked up to 15.5 percent in 2007-08 started decelerating and reached 2.5 percent in 2008-09. There was a modest recovery in industrial growth to 5.3 percent in 2009-10 and further to 8.2 percent in 2010-11.

Notwithstanding the recovery in 2010-11, the industrial growth started decelerating in 2011-12. The high input, capital cost and uncertainties in the global economy has particularly constrained the growth of the manufacturing sector. During 2011-12 & 2012-13 deceleration in IIP continued. IIP grew by 2.9 percent, 1.1 percent and (-) 0.1 percent in 2011-12, 2012-13 and 2013-14 respectively, on account of negative growth in mining sector and lower growth in manufacturing sector.

During 2014-15, the industrial sector showed sign of revival. The IIP registered positive growth 2.8 % on account of growth in Electricity generation (8.4%), Manufacturing (2.3%) and Mining (1.5%) sectors during the year.

The trend of lower growth continued during 2015-16. The IIP registered growth of 2.4%. Electricity generation registered growth of 5.7% while Mining and Manufacturing sectors grew by 2.2% and 2.0% respectively.

During April-August, 2016-17, IIP registered negative growth of 0.3%. Manufacturing sector declined by 1.2%, while Electricity generation and Mining grew by 5.7% and 0.6% respectively.

Table 1: GROWTH OF INDEX OF INDUSTRIAL PRODUCTION (IIP) (Base: 2004-05)

Groups	Weight	Annual		Cumulative
		2014-15	2015-16	April-August, 2016-17
Mining	141.57	1.5	2.2	0.6
Manufacturing	755.27	2.3	2.0	-1.2
Electricity	103.16	8.4	5.7	5.7
General Index	1000	2.8	2.4	-0.3
Use-Based Classification				
Basic goods	456.82	7.0	3.6	3.9
Capital goods	88.25	6.4	-2.9	-21.4
Intermediate goods	156.86	1.7	2.5	3.9
Consumer goods	298.08	-3.4	3.0	0.9
i) Consumer Durables	84.6	-12.6	11.3	6.3
ii) Consumer Non - Durables	213.47	2.8	-1.8	-2.8

Source: Central Statistics Office (CSO).

Performance of the Eight Core Industries

The Index of Eight Core Industries (Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement, Electricity) having combined weight of 37.90 percent in IIP registered a growth of 6.5 percent in 2012-13. In 2013-14, it registered growth of 4.2 percent. During 2014-15, the Eight Core Industries registered a growth of 4.5 percent.

During 2015-16, the Index of Eight Core Industries registered lower growth of 2.8%. The production of Coal, Refinery, Fertilizers, Cement and Electricity registered positive growth while Crude oil, Natural Gas and Steel production registered negative growth.

During April-August, 2016-17, Index of Eight Core Industries registered growth of 4.5%. The production of Coal, Refinery, Fertilizers, Steel, Cement and Electricity registered positive growth while production of Crude Oil and Natural Gas registered negative growth.

Table 2: Growth Rates of Eight Core Industries (in %)

Sector	Weight	2011-12	2012-13	2013-14	2014-15	2015-16	Apr-Aug 2016-17
Coal	4.379	1.3	4.6	1.3	8.1	4.5	2.6
Crude Oil	5.216	1.0	-0.6	-0.2	-0.9	-1.4	-3.1
Natural Gas	1.708	-8.9	-14.5	-13.0	-4.9	-4.2	-4.2
Refinery Products	5.939	3.1	29.0	1.5	0.3	3.8	7.6
Fertilizers	1.254	0.4	-3.4	1.5	-0.1	12.0	6.4
Steel	6.684	10.3	4.1	11.5	4.7	-1.2	5.5
Cement	2.406	6.7	7.7	3.1	5.6	4.7	4.4
Electricity	10.316	8.1	4.0	6.0	8.4	5.4	5.7
Overall Index	37.903	5.0	6.5	4.2	4.5	2.8	4.5

Source: Office of the Economic Adviser.

Annexure 3

FDI POLICY REFORMS/ INITIATIVES AFTER 1.4.2015

- Investment made by NRIs, PIOs and OCIs under Schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations on non-repatriation basis is now deemed to be domestic investment at par with the investment made by residents.

- The special dispensation of NRIs has also been extended to companies, trusts and partnership firms, which are incorporated outside India and are owned and controlled by NRIs.

- In order to provide simplicity to the FDI policy and bring clarity on application of conditionalities and approval requirements across various sectors, different kinds of foreign investments have been made fungible under one **composite cap**.

- FDI up to 100% through automatic route has been allowed in **White Label ATM Operations**.

- Reforms in FDI Policy on **Construction Development** sector include:

▪ Removal of conditions of area restriction and minimum capitalization to be brought in within the period of six months of the commencement of business.

▪ Exit and repatriation of foreign investment is now permitted after a lock-in-period of three years. Transfer of stake from one non-resident to another non-resident, without repatriation of investment is also neither to be subjected to any lock-in period nor to any government approval.

▪ Exit is permitted at any time if project or trunk infrastructure is completed before the lock-in period.

▪ 100% FDI under automatic route is permitted in completed projects for operation and management of townships, malls/ shopping complexes and business centres.

- Foreign investment up to 49% in **defence sector** has been permitted under automatic route along with specified conditions. Further portfolio investment and investment by FVCIs has been allowed up to permitted automatic route level of 49%. The foreign investment beyond 49% has been permitted through government approval in cases resulting in access to modern technology in the country or for other reasons to be recorded. Further, FDI limit for defence sector has also been made applicable to Manufacturing of Small Arms and Ammunitions covered under Arms Act 1959.

- Sectoral cap on **Broadcasting sector** has been raised across various activities as follows:

▪ 74% to 100% in Teleports, DTH, Cable Networks (Digital), Mobile TV, HITS

▪ 26% to 49% for FM Radio, up-linking of news and current affairs

▪ 49% to 100% for Cable Networks (not undertaking digitisation)

- FDI route for Teleports, DTH, Cable Networks (Digital), Mobile TV, HITS, Cable Networks (not undertaking digitisation), and Up-linking of Non- ‘news and current affairs’ and down-linking of channels has been changed to automatic route.

- Full fungibility of foreign investment has been introduced in **Banking-Private sector**. Accordingly, FIIs/FPIs/QFIs, following due procedure, can now invest up to sectoral limit of 74%, provided that there is no change of control and management of the investee company.

- Certain **plantation** activities namely coffee, rubber, cardamom, palm oil tree and olive oil tree plantations have been opened for 100% foreign investment under automatic route.

- A manufacturer has been permitted to sell its product through wholesale and/or retail, including through e-commerce under automatic route.

- Government has reviewed **single brand retail trading** (SBRT) FDI policy to provide that sourcing of 30% of the value of goods purchased would be reckoned from the opening of first store. In case of entities undertaking Single Brand Retail Trading of products having 'state of art' and 'cutting edge' technology and where local sourcing is not possible, sourcing norms have been relaxed up to three years for entities undertaking Single Brand Retail. Further, an entity operating SBRT through brick and mortar stores has been permitted to undertake e-commerce activities as well.

- Indian brands are equally eligible for FDI to undertake SBRT. In this regard, it has been provided that certain conditions of the FDI policy on the sector namely- products to be sold under the same brand internationally and investment by non-resident entity/ entities as the brand owner or under legally tenable agreement with the brand owner, will not be made applicable in case of FDI in Indian brands.

- 100% FDI is now permitted under automatic route in **Duty Free Shops** located and operated in the Customs bonded areas.

- FDI policy on wholesale cash & carry activities has been reviewed to provide that a single entity will be permitted to undertake both the activities of SBRT and wholesale.

- 100% FDI is now permitted under the automatic route in **Limited Liability Partnerships (LLP)** operating in sectors/activities where 100% FDI is allowed, through the automatic route and there are no FDI-linked performance conditions. Further, the terms 'ownership and 'control' with reference to LLPs have also been defined.

- **Regional Air Transport Service** has been opened for foreign investment up to 100%, with 49% under automatic route, and beyond that through government approval route. Foreign equity cap of activities of Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline has been increased from 49% to 100%, with 49% under automatic route, and beyond that through government approval route. Further, foreign equity cap of activities of Non-Scheduled Air Transport Service, Ground Handling Services have been increased from 74% to 100% under the automatic route.

- With a view to aid in modernization of the existing airports to establish a high standard and help ease the pressure on the existing airports, 100% FDI under automatic route has been permitted in Brownfield Airport projects.

- Foreign investment cap on **Satellites- establishment and operation** has now been raised from 74% to 100% under the government route.

- Foreign investment cap on **Credit Information Companies** has now been increased from 74% to 100% under the automatic route.

- In order to achieve faster approvals on most of the proposals, the Government has raised the threshold limit for approval by FIPB to Rs. 5000 crore.

- FDI Policy on **Insurance** and **Pension** sector has been reviewed to permit foreign investment up to 49% under the automatic route.

- In order to provide clarity to the e-commerce sector, the Government has issued guidelines for foreign investment in the sector. 100% FDI under automatic route is permitted in the marketplace model of e-commerce.

- With an objective of increase investment in the country, 100% FDI in Asset Reconstruction Companies has been allowed under automatic route.

- 100% FDI under government approval route has been permitted for trading, including through e-commerce, in respect of **food products** manufactured and/or produced in India.

- In **Pharmaceutical** sector, with the objective of making the sector more attractive to foreign investors and eliminating the need for approvals for small ticket investments, 74% FDI under automatic route has been permitted in brownfield pharmaceuticals. FDI beyond 74% will be allowed through government approval route.

- FDI limit for **Private Security Agencies** has been raised to 74%. FDI up to 49% is permitted under automatic route in this sector and FDI beyond 49% and up to 74% would be permitted with government approval.

- For establishment of branch office, liaison office or project office or any other place of business in India if the principal business of the applicant is Defence, Telecom, Private Security or Information and Broadcasting, it has been provided that approval of Reserve Bank of India would not be required in cases where FIPB approval or license/permission by the concerned Ministry/Regulator has already been granted.

- As per FDI Policy 2016, FDI in Animal Husbandry (including breeding of dogs), Pisciculture, Aquaculture and Apiculture was allowed 100% under Automatic Route under controlled conditions. This requirement of ‘controlled conditions’ for FDI in these activities has now been done away with.

Annexure 4

IMPLEMENTATION STATUS OF EASE OF DOING BUSINESS (AS ON 30.09.2016):

Reforms Unertaken On Various Parameters of Doing Business

Starting A Business

- The Companies (Amendment) Act, 2015 has eliminated the need of a common company seal for incorporation.

- Registration with ESIC and EPFO has been made real-time by eliminating all physical touch-points.
The online registrations filed with ESIC from Jan 15 to June 16 are 81591 and number of EPFO registrations done since January 15 to June 16 are 95998.

- The requirement of opening a bank account has been removed as a mandatory condition for registration with ESIC and EPFO.

- "Shram Suvidha" Portal has been launched to issue Unique Labour Identification Number (LIN), submission of common electronic returns under 8 Labour Acts and facilitate risk based inspections.

- The system of issuing PAN and TAN has been put in place together within T+1 days on an application using digital signature on the ebiz platform. PAN and TAN numbers are issued on CBDT's portal within T+3 days.

- Rule 12 of the Income Tax Rules, makes it mandatory for all companies to file the return of the income, electronically under digital signature.

- Maharashtra state has combined the process of registration with VAT and Profession Tax. The registration will now be granted in 24 hours and the same has been adopted by Delhi VAT.

- Form INC 29 has been launched by Ministry of Corporate Affairs to avail 3 pre-registration services viz. 'Name Availability', 'Director Identification Number' and 'incorporation of company' with one form and one payment.

- No Environment clearance is required for 36 white industries.

- Mine prospecting projects have been exempted from the requirement of compensatory afforestation and Forest Rights Act (FRA) certificate for grant of forest clearance.

- No site inspection is required for mine prospecting projects on forestland for less than 100 ha. for construction of new roads/drilling of bore hole/ sample collection pits.

- Industrial sheds and educational institutions have been exempted from Environmental Clearance (EC).

- Validity of Environment Clearance has been increased from 5 years to 7 years.

- Online submission of applications for environment/forest/wildlife clearances has been put in place for transparent and expeditious decision-making.

- District Environment Impact Assessment authority has been constituted to grant EC for mining of minor minerals for 5 ha. of individual lease and 25 ha. in a cluster.
- Regional empowered committees at sub national level have been delegated higher powers to dispose of proposals for Forest Clearance

a) Involving diversion of 5 to 40 hectares of forest land and
b) All proposals involving diversion of forestland for linear projects irrespective of area of forest land involved.

- The competent authorities in the state government have been delegated powers to issue permission for tree felling and commencement of work for a period of one year of linear projects without waiting for final approval under the Forest Conservation Act.

- EIA notification, 2006 has been amended delegating higher powers to State Environment Impact Assessment Authority (SEIAA) in respect of projects (category B) which require clearance from SEIAA.

Construction Permits

- Municipal Corporation of Greater Mumbai (MCGM) has completed the process of single window approval by integrating with internal departments as well as, Airport Authority of India (AAI) and National Monument Authority (NMA) through a common application form.
412 online applications were received during May 2015 to June, 2016. The average time taken to obtain building plan approval is 19 days (since Jan 2016).
Under the new online system the number of procedures and NOCs has reduced to 58 from earlier 119.

- In Mumbai, the building completion certificate and occupancy certificate can now be processed simultaneously through single-window approval system.

- NoCs from Maharashtra Industrial Development Corporation (MIDC), Director of Industries, Collector and Maharashtra Housing and Area Development Authority (MHADA) have been eliminated.

- MCGM has introduced digital signing of building permit application, as well as maps, thereby eliminating need of physical submission of documents. The manual application for grant of construction permits has been discontinued.

- Municipal Corporations of Delhi has completed the process of single window approval by integrating with internal departments as well as Delhi Metro Rail Corporation (DMRC), Delhi Fire Services, Delhi Urban Art Commission (DUAC), AAI and NMA through a common application form. NOC from Labour Department of Delhi Government is not required if no manufacturing activity is undertaken in the building.

- 4673 online applications were received during January, 2015 to June, 2016. The average time taken to obtain a building plan approval online is 14 days.

- MCD has introduced digital signing of building permit application, as well as maps, thereby eliminating the need of physical submission of documents. Manual submission of application for grant of construction permits has been done away with.

- The application for building plan approval for a factory in Delhi can be made online under single window clearance system.

- MCD has eliminated the need for applicant to visit the Property Tax Department to collect receipt of tax payment.

- Delhi Development Authority (DDA) has notified the Unified Building Bye-laws which allows for risk-based inspections for different building types. The unified building bye laws have provision of deemed approval of sanctioning building plans within 30 days. Now, there is no requirement of Environment Clearance for buildings with built up area up to 1,50,000 sqm.

- Colour coded maps have been developed by AAI, NMA, DUAC and DMRC to enable applicants to determine whether NOC is required for the land for which permission is applied for.

- AAI, NMA, DUAC, DMRC, Delhi Fire service, Mumbai Metropolitan Region Development Authority (MMRDA) and Mumbai Metro Rail Corporation (MMRC) have created their own online application systems for receiving and issuing NOC/approval. Their requirements have also been integrated in the common application form developed by South Delhi Municipal Corporation/MCGM.

- NMA has designed a system whereby the applicant could himself determine as to whether he requires NOC from NMA or not by the use of the ISRO mobile app (Smarak Citizen).

Getting Electricity

- Maharashtra and Delhi have implemented lump-sum charges for electric connection thereby removing the need of an estimate and.

- Online application for connections above 100KVA mandatory in Maharashtra and Delhi.

- Delhi Electricity Regulatory Commission (DERC) has rationalized LT and HT tariff thereby allowing LT connections upto 150KVA.

- DERC has revised the application format of Delhi Electric Supply Code and Performance Standards Regulations, 2007 for faster release of electricity connection. The distribution licensees have been directed to process applications in the revised format along with the declaration form.

Following are the two documents required for getting electricity connection:

  - Identity proof

- Proof of ownership/ occupancy of premises.

- NOC/Consent to Establish is not required for getting industrial electricity connection for setting up new industries and projects.

- Amendments in Central Regulatory Authority regulation has been done to allow installation of transformers up to 500 KVA on double pole structure.

- Amendments in Central Regulatory Authority notification to waive off electrical approval for 11 KV installations carried out by DISCOMs and allowing self-certification by DISCOMs engineers.

- Supply Code Regulation and Standard of Performance (SOP) regulations have been modified by DERC and MERC to complete the process within 15 days.

- In Delhi and Mumbai, for getting a new electricity connection the number of procedures has been reduced to 3.

Trading Across Borders

- Central Board of Excise and Customs (CBEC) has implemented Single Window Interface for Facilitating Trade (SWIFT) (online single window for clearance of goods) on the ICEGATE portal by integrating FSSAI, Animal Quarantine, Plant Quarantine, Drug Controller and Wildlife Control Bureau for imports.

- Online message exchange system under single window between Customs' ICEGATE and Plant Quarantine Information System (PQIS) has been implemented for import clearances of agricultural commodities.

- Customs' risk management system has been extended to other regulatory agencies to ensure risk- based inspection.

- 168 low phytosanitary risk agricultural commodities listed under schedule VII of the PQ order, 2003 have been identified for 5% random inspection.

- Mandatory testing of imports from countries where azo dye has not been banned has been reduced to 25%.
- The limit on the number of consignments released under direct delivery has been removed facilitating prompt delivery of goods.

- Terminal handling receipts have been eliminated from Jawaharlal Nehru Port Container Terminal, Gateway Terminals India and Nhava Sheva International Container Terminal by web based e-form 13.

- Filing of import and export declarations and manifests has been made online with digital signature.

- An electronic messaging system between Shipping lines and Custodians for electronic delivery order has been introduced.

- Customs’ Clearance Facilitation Committee has been set up at every major customs seaport and airport at Central level.

- The system of physical control and locking of public and private warehouses by Customs has been dispensed with and replaced by record based controls.

- 24x7 customs clearance facilities have been extended to 19 seaports and 17 air cargo complexes.

- Documents required for export and import has been reduced to three.

- The port has reduced the "Gate in" time period for export containers from 5 days to 4 days which will further reduce export dwell time by another 24hrs.

- As a result of the above measures the total time has been brought down from 91.68 hrs (in 2014-15) to 65 hrs (in 2016-17 1st Quarter) for exports and from 84.12 hrs (2014-15) to 36 hrs (in 2016-17 1st Quarter) for imports at JNPT.

Resolving Insolvency

- Insolvency and Bankruptcy Code Bill has been passed in the Parliament on 11th May, 2016.

- Constitution of National Company Law Tribunal and National Company Appellate Law Tribunal has been notified.

Enforcing Contracts

- On 7th January 2016, the Maharashtra High Court established Commercial Division benches and Commercial Appellate Division benches under the High Court.
- Commercial divisions and appellate divisions in Delhi High Court have been established.

- The Arbitration and Conciliation Act has been amended to reduce the time taken in arbitration proceedings and grounds on which an award may be challenged.

- Delhi High Court Act, 1966 has been amended to increase the pecuniary jurisdiction of the Delhi District Court from INR 2 million to 20 million.

Registering Property

- Mumbai: Integration of Sub Registrars' offices with the Land Records Department has been completed. Registration data is being shared with the Land Records Department as part of the LR-SRO linkage under the National Land Records Modernization Program. This has been done for e-mutation in rural areas, and is presently being implemented across 358 tehsils comprising 427 Sub Registrar Offices in the state.

- Delhi: Out of 356 villages, 52 villages have their textual data fully digitized and online digitally signed RORs are being issued. An additional 63 villages will have their

RORs issued online soon. Digitization of cadastral maps has been done. 28 maps have been validated. The integration of textual and spatial data has started.

- In Delhi, all sub-registrar offices have been digitized and sub-registrars' records have been integrated with the Land Records Department.

- In Maharashtra, all property tax records have been digitized.

Getting Credit

SARFAESI (Central Registry) Rules, 2011 has been amended. The amendment modifies rule 4 to include additional types of charges, including: "security interest in immovable property by mortgage other than deposit of title deeds"; "security interest in hypothecation of plant and machinery, stocks, debt including book debt or receivables"; "security interest in intangible assets, being know-how, patent, copyright, trademark or any other business or commercial right of similar nature"; and "security interest in any under construction residential or commercial building or a part thereof". This amendment allows (Central Registry of Securitization Asset Reconstruction and Security Interest) CERSAI to register these additional charges.

Paying Taxes

- Payment of Employee State Insurance Corporation and Employee Provident Fund Organization contributions can now be made online through 58 banks, debit cards or credit cards.
- ESIC and EPFO returns have been unified.

- Sales tax department of Maharashtra has eliminated physical touch point for filing of tax returns, tax payment and tax compliances by introducing online return filing and online payment through GRAS (Government Receipt Accounting System) for VAT, CST, Profession tax, Luxury Tax and Entry Tax.

- Electronic Verification Code (EVC) has been introduced as one of the possible mode for validation of tax returns. Earlier, some categories of taxpayers were required to submit Form ITR-V manually through post for validation of tax returns. Introduction of EVC has made the exercise of filing tax return electronic. It has also reduced the time period for filing the tax return considerably. During the year, income-tax returns were also made much simpler with culling of many irrelevant columns for all categories of taxpayers. Further, the Tax Audit Report which is required to be filed online was also standardized and harmonized with various provisions of the Companies Act.

- An option for efiling is available for filing or revising returns.

Annexure 5

BRIEF STATUS OF PROJECTS UNDER IMPLEMENTATION OF DMIC PROJECTS

Ahmedabad Dholera Special Investment Region in Gujarat (920 sq. kms) –

Shareholder's Agreement and State Support Agreement have been executed between Government of Gujarat and DMIC Trust and Node/city level SPV in the name of “Dholera Industrial City Development Ltd.” has been incorporated. 1178 hectares of land has already been transferred by the State Government to the SPV. Environment clearance has been obtained for the project and preliminary engineering work has also been completed.

The Government of India has approved trunk infrastructure packages for Activation Area (22.5 sq. km) for an aggregate value of ₹ 2784.83 crore. EPC contractor for construction of roads and services and Administrative Building in Activation Area has been appointed and work has started on ground**.** Other contracts for Water Treatment Plant, Sewage Treatment Plant and Common Effluent Treatment Plant are being rolled out in a phased manner.

‘In principle’ approval has been received from the Ministry of Civil Aviation for setting up a Greenfield International Airport at Dholera. Land for the Project is already in possession of State Government. Steps are being taken for selection of Transaction Advisors for project.

Shendra-Bidkin Industrial Park in Maharashtra –

Shareholders' Agreement and State Support Agreement have been executed between Government of Maharashtra and DMIC Trust and Node/city level SPV in the name of “Aurangabad Industrial Township Ltd.” has been incorporated. 8.39 sq kms of land has been transferred by Maharashtra Industrial Development Corporation (MIDC) to SPV. Environment clearance has been obtained and preliminary engineering for various trunk infrastructure works has been completed.

The Government of India has approved trunk infrastructure packages for an aggregate value of ₹ 1533.44 crore. EPC contractor for roads and services and Rail over bridges (RoBs) has been appointed for Shendra Industrial Area (8.39 sq. kms) and work has started on ground. Additional land of 32 sq. kms. in Bidkin Industrial Park has been acquired by State Government. Detailed Master Planning for Bidkin Mega Industrial Park (32 sq. kms) is being finalized.

Integrated Industrial Township, Vikram Udyogpuri (M.P.) –

SPV has been restructured under the name of “Vikram Udyogpuri Ltd.” as a Joint Venture between DMIC Trust and MPTRIFAC & MPAKVN. State Government has transferred approximately 1100 acres of land to project SPV. Environment Clearance has already been obtained. EPC contractor has been appointed for construction of trunk infrastructure. Work is in progress on ground.

Integrated Industrial Township Greater Noida (U.P.) –

SPV has been incorporated with the name of “Integrated Industrial Township Greater Noida Limited” between DMIC Trust and Greater Noida Industrial Development Authority (GNIDA). State Government has transferred approximately 747.5 acres of land to Project SPV. EPC contractor for implementation of trunk infrastructure has been appointed and work has started on ground.

Modal Solar Power Project, Neemrana, Rajasthan-

A company with the name of “DMICDC Neemrana Solar Power Limited” has been incorporated as a wholly owned subsidiary of DMICDC Limited. The MoU between NEDO, Japan, Department of Economic Affairs, Ministry of Finance and Ministry of New & Renewable Energy has been extended till 31st August, 2019. 5MW Power Project has been commissioned on 03rd September 2015 and power is being supplied to the grid since 03rd September, 2015. Power Purchase Agreement (PPA) between M/s Mikuni India Pvt. Ltd. and M/s DMICDC Neemrana Solar Power Company Limited (DNSPCL) for 1MW has been executed.

Logistic Data Bank –

The project of Logistic Data Bank (LOB) was envisaged as Service for tracking container cargo movement, integrate the existing IT systems of various stakeholder (ports, customs, trains, ICD etc.) across the supply chain to provide real time information within a single window. A notification has been issued by Tariff Authority of Major Ports (TAMP) for levy of Mandatory User Charges for project. Port Operator Agreement has been signed with JNPT on 17th February, 2016.

Logistics Data Bank (LDB) Services Agreement has been executed with NEC India Private Limited and Project has been launched and services have started at all the port terminals at JNPT Port with effect from 1st July, 2016.

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