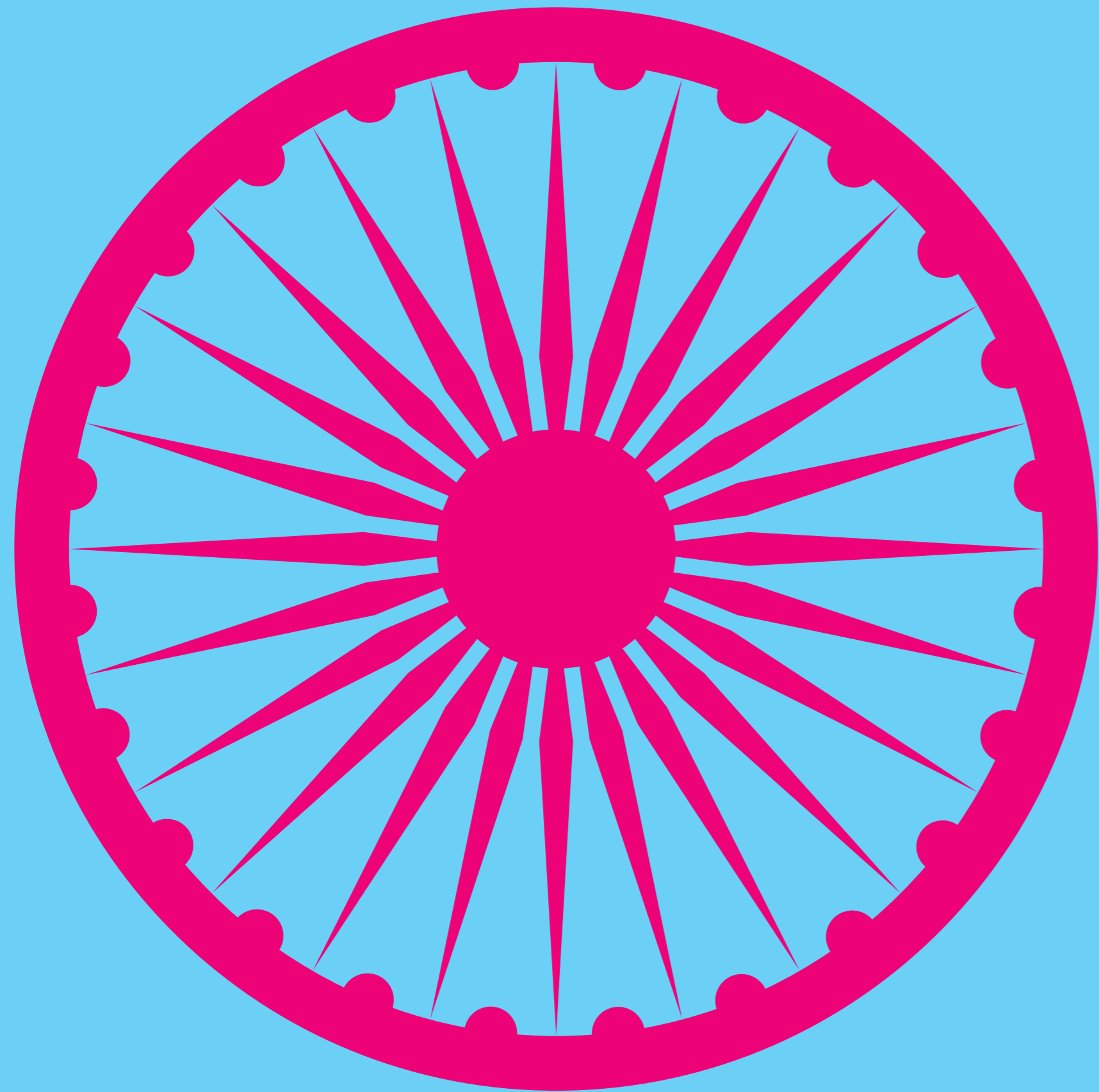




**MAKE IN
INDIA
CONSTRUCTION**



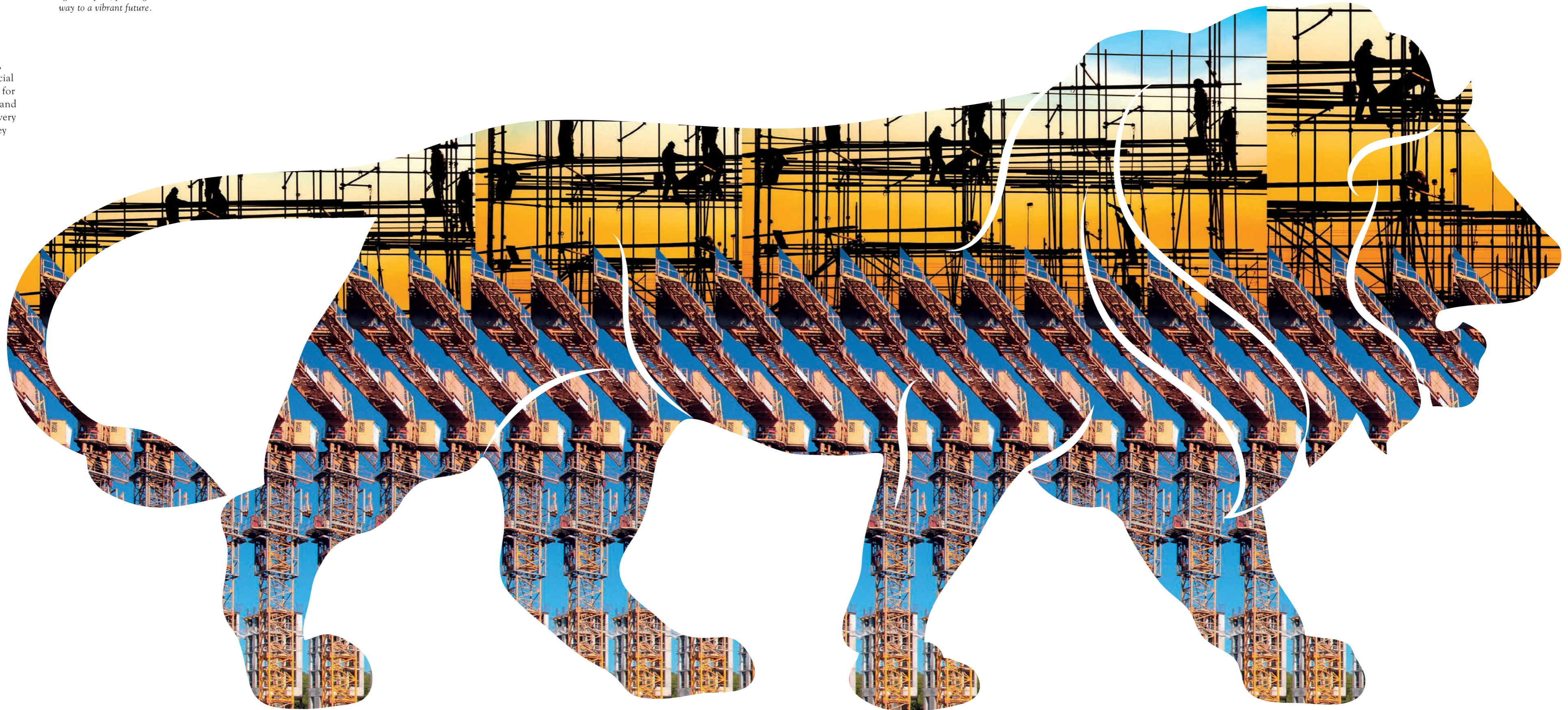
**FROM AGRICULTURE TO AUTOMOBILES
FROM HARDWARE TO SOFTWARE
FROM SATELLITES TO SUBMARINES
FROM TELEVISIONS TO MOVIES
FROM BRIDGES TO BIOTECHNOLOGY
FROM PAPER CLIPS TO POWER PLANTS
FROM ROADS TO CITIES
FROM FRIENDSHIP TO PARTNERSHIP
FROM PROFIT TO PROGRESS
WHATEVER YOU WANT TO MAKE:
MAKE IN INDIA**



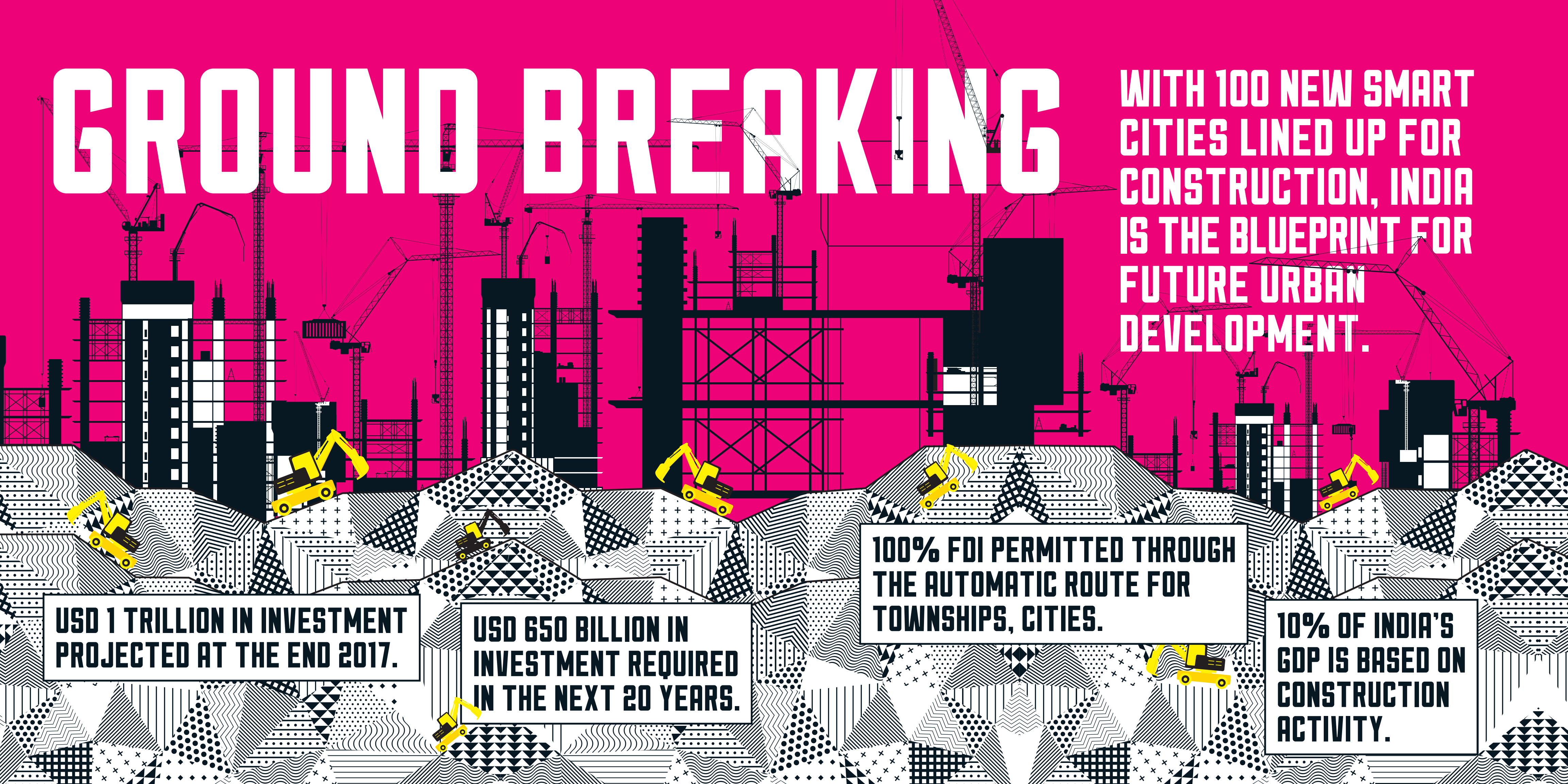
सत्यमेव जयते

The Ashoka Chakra is a central element in India's national emblem and also forms the centrepiece of India's national flag. The wheel denotes peaceful progress and dynamism – a sign from India's enlightened past, pointing the way to a vibrant future.

Since time immemorial, the Lion has been the official emblem of India. It stands for strength, courage, tenacity and wisdom – values that are every bit as Indian today as they have ever been.



GROUND BREAKING



WITH 100 NEW SMART CITIES LINED UP FOR CONSTRUCTION, INDIA IS THE BLUEPRINT FOR FUTURE URBAN DEVELOPMENT.

USD 1 TRILLION IN INVESTMENT PROJECTED AT THE END 2017.

USD 650 BILLION IN INVESTMENT REQUIRED IN THE NEXT 20 YEARS.

100% FDI PERMITTED THROUGH THE AUTOMATIC ROUTE FOR TOWNSHIPS, CITIES.

10% OF INDIA'S GDP IS BASED ON CONSTRUCTION ACTIVITY.

NEW INITIATIVES

THE MAKE IN INDIA PROGRAM INCLUDES MAJOR NEW INITIATIVES DESIGNED TO FACILITATE INVESTMENT, FOSTER INNOVATION, PROTECT INTELLECTUAL PROPERTY AND BUILD BEST-IN-CLASS MANUFACTURING INFRASTRUCTURE.

1 NEW PROCESSES

- SPECIAL FOCUS ON EASE OF DOING BUSINESS
- DE-LICENSING & DEREGULATION

2 NEW INFRASTRUCTURE

- INDUSTRIAL CORRIDORS
- INDUSTRIAL CLUSTERS
- SMART CITIES
- NURTURING INNOVATION
- SKILL DEVELOPMENT

3 NEW SECTORS

- OPENING OF CRITICAL SECTORS LIKE DEFENSE, CONSTRUCTION AND RAILWAYS FOR FDI

4 NEW MINDSET

- DEDICATED TEAMS THAT WILL GUIDE AND ASSIST FIRST-TIME INVESTORS FROM TIME OF ARRIVAL
- FOCUSED TARGETTING OF COMPANIES ACROSS SECTORS

FACTS + FIGURES



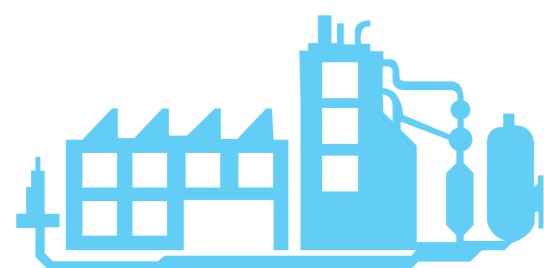
REASONS TO INVEST

- An investment of USD 1,000 Billion has been projected for the infrastructure sector between 2012-17, 40% of which is to be funded by the private sector. 45% of infrastructure investment will be funneled into construction activity and 20% set to modernize the construction industry.
- The Indian government has undertaken a number of measures to ease access to funding for the sector.
- Construction activities contribute more than 10% of India's GDP.
- The construction industry in India has seen sustained demand from the industrial and real estate sector.
- An estimated USD 650 Billion will be required for urban infrastructure over the next 20 years.
- Housing for seniors has seen increased interest levels from corporates, the hospitality and healthcare industries over the last few years.



GROWTH DRIVERS

- India had an estimated urban housing shortage of 18.8 Million dwelling units, in 2012. The housing shortage in rural India was 47.4 Million units, in 2012.
- Present levels of urban infrastructure are inadequate to meet the demands of the existing urban population. There is need for re-generation of urban areas in existing cities and the creation of new, inclusive smart cities to meet the demands of increasing population and migration from rural to urban areas. Future cities of India will require smart real estate and urban infrastructure development.
- The Government of India is in the process of launching a new urban development mission. This will help develop 500 cities, which include cities with a population of more than 100,000 and some cities of religious and tourist importance. These cities will be supported and encouraged to harness private capital and expertise through PPPs, to bolster their infrastructure and services in the next ten years.
- To provide quality urban services on a sustainable basis in Indian cities, the need of the hour is that urban local bodies enter into partnership agreements with foreign players, either through joint ventures, private sector partners or through other models.



STATISTICS

- 2nd largest employer and contributor to economic activity, after agriculture sector. The construction sector accounts for the second highest inflow of FDI after the services sector and employs more than 35 Million people.
- 50% of the demand for construction activity in India comes from the infrastructure sector, the rest comes from industrial activities, residential and commercial development etc. The Indian construction industry is valued at over USD 126 Billion.
- Indian cities contribute significantly to India's GDP. As per a mid-term appraisal in 2012, the urban share of the GDP was 62% - 63% in 2009-10. This was further projected to increase to 70% - 75% in 2030.
- In 2001, about 286 Million were living in urban areas across India. It had the second largest urban population in the world. As per the 2011 Census of India, the urban population had increased to 377 Million,

- thereby registering a growth of around 32%. As per recent estimates, nearly 590 Million people will live in Indian cities by 2030.
- Between 2005-08, the real estate sector grew by about 30% annually before slowing down significantly due to a 2008 global financial crisis. It grew by about 8% between 2009-11 and 6.5% in 2012-13.
- As per industry estimates, the Indian real estate market is estimated to be approximately USD 78.5 Billion in 2013 and is expected to grow to approximately USD 140 Billion by 2017.
- According to FICCI-EY Real Estate Report 2013, India's real estate requires about USD 42 Billion (excluding housing for economically weaker sections) and approximately USD 257 Billion (including housing for economically weaker section) in investments by 2015. Residential real estate alone will require an investment of USD 29 Billion.



INVESTMENT OPPORTUNITIES

- Construction development in residential, retail, commercial and hospitality sectors.
- Technologies and solutions for smart sustainable cities and integrated townships.
- Technologies for the promotion of low cost and affordable housing.
- Green building solutions.
- Sustainable and environmentally friendly building materials.
- Training and skill development of construction sector workers.
- Smart cities.
- Urban water supply, urban sewerage and sewage treatment.

FDI POLICY

- 100% FDI through the automatic route is permitted in townships, housing, built-up infrastructure and construction-development projects (including, but not restricted to housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure). The major conditions under which foreign investment can be made in this sector are:
 - 10 hectares is the minimum land area for the development of serviced housing plots. 50,000 sq.mts. is the minimum built-up area for construction-development projects. For combination projects, any one of the prior two conditions would suffice. There are specific exemptions for smart cities, housing projects and old age homes.
 - A minimum capitalization of USD 10 Million is envisaged for wholly-owned subsidiaries and USD 5 Million for joint ventures with Indian partners. The funds will have to be brought in within six months of date commencement of business of the company.
 - The original investment cannot be repatriated before a period of three years from completion of minimum capitalization. The term 'original investment' means the entire amount is brought in as FDI. The lock-in period of three years will be applied from the date of receipt of each instalment/tranche of FDI or from the date of completion of minimum capitalization, whichever is later. However, the investor may be permitted to exit earlier, with prior approval of the government through the Foreign Investment Promotion Board (FIPB).





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→ The conditions of minimum capitalization, minimum area requirement, lock in period and minimum development above do not apply to hotels and tourism sectors, hospitals, Special Economic Zones (SEZs), the education sector, old age homes and investment by NRIs.

→ FDI is not allowed in the real estate business or construction of a farmhouse.

→ 100% FDI is allowed under the automatic route for urban infrastructure areas like urban transport, water supply, sewerage and sewage treatment subject to relevant rules and regulations.

FDI POLICY FOR INDUSTRIAL PARKS:

100% FDI is allowed under the automatic route. 'Industrial Park' is a project in which quality infrastructure in the form of plots of developed land or built-up

space or a combination with common facilities is developed and made available to all the allottee units for the purposes of industrial activity.

→ FDI in industrial parks is not subject to the conditionalities applicable for construction development projects etc., provided the industrial parks meet with the under-mentioned conditions.

→ It should comprise a minimum of 10 units and no single unit should occupy more than 50% of the allocable area.

→ The minimum percentage of the area to be allocated for industrial activity will not be less than 66% of the total allocable area.

SECTOR POLICY

THE JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION:

→ The programme was instated to improve the quality of life and infrastructure in the cities and it covered a total of 63 cities initially, which were later increased to 68. The mission has helped focus attention of policy makers in all three tiers of the government on the challenges facing the cities and towns of India and created dynamism in a sector that has long suffered neglect. The government of India is in the process of launching a new urban development mission. This will help develop 500 cities, which includes cities with a population of more than 100,000 and some cities of religious and tourist importance. Four fundamental activities will underpin this development. These are, the provision of safe drinking water and sewerage, use of recycled water for growing organic fruits and vegetables, solid waste management and digital connectivity.

THE NATIONAL URBAN HOUSING AND HABITAT POLICY, 2007:

→ This policy aims to bridge the gap between the supply and demand of housing and infrastructure in the country. This policy intends to promote sustainable development of habitat in the country with a view to ensuring equitable supply of land shelter and services at affordable prices to all sections of society. The core focus of this policy is to provide affordable housing for all, with a specific focus on LIG and EWS.

REAL ESTATE INVESTMENT TRUSTS (REITS) & INFRASTRUCTURE INVESTMENT TRUSTS (INVTs):

REITs will provide the necessary support to the sector in terms of required large scale investments.

REAL ESTATE REGULATION & DEVELOPMENT BILL, 2013:

→ The Real Estate Regulation & Development Bill has been formulated to bring in transparency and efficiency in the real estate sector. The real estate regulation and development bill is a pathbreaking law that is expected to bring uniform regulatory environment to the sector and protect consumers from unfair practices. It is a pioneering initiative to protect the interest of consumers, promote fair play in real estate transactions and ensure timely execution of projects.

MODEL STATE AFFORDABLE HOUSING POLICY FOR URBAN AREAS, 2013:

The aim of this policy is to create an enabling environment for providing 'affordable housing for all' with special emphasis on EWS and LIG and other vulnerable sections of society. The policy further aims to promote Public Private Participation (PPPP) for addressing the shortage of adequate and affordable housing.



FINANCIAL SUPPORT

PROVISIONS IN THE UNION BUDGET, 2014-15:

SMART CITIES:

The Government of India in the Union Budget 2014-15, has announced a project to develop 'One Hundred Smart Cities' as satellite towns of larger cities by modernizing the existing mid-sized cities in the country. INR 70.6 Billion has been allocated in the current fiscal year for the same. The following has also been announced in the budget in relation to smart cities:

1. To encourage development of 'Smart Cities', which will also provide habitation for the neo-middle class, requirement of the built-up area and capital conditions for FDI is being reduced from 50,000 sq. mts. to 20,000 sq. mts., from USD 10 Million to USD 5 Million respectively.
2. To further encourage this, projects which commit at least 30% of the total project cost for low cost affordable housing will be exempted from minimum built-up area and capitalisation requirements.
3. A National Industrial Corridor Authority, with its headquarters in Pune is being set up to coordinate the development of Industrial Corridors with emphasis on Smart Cities linked to transport connectivity to spur growth in manufacturing and urbanization.
4. Master Planning of the Amritsar-Kolkata Industrial Corridor will be completed expeditiously for the development of Industrial Smart Cities in seven states of the country. The seven states to be covered in this project are Punjab, Haryana, Uttar Pradesh, Uttarakhand, Bihar, Jharkhand and West Bengal.
5. Master planning of three new smart cities in the Chennai-Bengaluru Industrial Corridor region, viz., Ponneri in Tamil Nadu, Krishnapatnam in Andhra Pradesh and Tumkur in Karnataka are to be completed.
6. A Perspective Plan for the Bengaluru Mumbai Economic Corridor and Vizag-Chennai Corridor is to be completed with provision for 20 new industrial clusters.

→ A proposed allocation of INR 40 Billion, to set up a mission on low cost affordable housing, will be anchored in the National Housing Bank.

→ A proposed allocation of INR 1 Billion, to develop metro projects in Lucknow & Ahmedabad.

→ INR 80 Billion has been allocated for the National Housing Bank with a view to expand and continue to support rural housing in the country.

→ State governments concerned are purposed to be notified as sponsoring authority for metro rail projects covered under project import regulations, 1986.

REITS AND INVTs:

→ A new tax structure for real estate and infrastructure investments trusts. Both of them have been given pass-through status.

STATE INCENTIVES:

→ Apart from the above, each state in India offers additional incentives for investments and special incentive packages for mega projects.

INCENTIVES FOR DEVELOPING SEZ/EMC'S/OTHER SECTORAL CLUSTERS:

The major incentives and facilities available to SEZ developers include:-

→ Exemption from customs/excise duties for development of SEZs for authorized operations approved by the BOA.

→ Income Tax exemption on income derived from the business of development of the SEZ in a block of 10 years, in 15 years under Section 80-IAB of the Income Tax Act.

→ Exemption from Central Sales Tax (CST).

→ Exemption from Service Tax (Section 7, 26 and the Second Schedule of the SEZ Act).

INCENTIVES FOR DEVELOPING ELECTRONIC MANUFACTURING CLUSTERS:

→ Brownfield EMC: The assistance will be restricted to 75% of project costs, subject to the ceiling of INR 0.5 Billion. The remaining project cost will be financed by other stakeholders of the EMC with a minimum industry contribution of 15% of the project cost.

→ Greenfield EMC: The assistance will be restricted to 50% of the project cost subject to ceiling of INR 0.5 Billion for every 100 acres of land. The remaining project cost shall be financed by other stakeholders of EMC with a minimum industry contribution of 25% of the project cost.

→ The administrative expenses are to be restricted to 3% of the central assistance in the project. Expenses towards the preparation of a detailed project report will also be considered a part of project cost.

AREA-BASED INCENTIVES:

→ Incentives for units in SEZ/NIMZ as specified in respective acts or the setting up of projects in special areas such as the North-east, Jammu & Kashmir, Himachal Pradesh & Uttarakhand.





FOREIGN INVESTORS

- Hines (USA)
- Veolia (France)
- Ascendas (Singapore)
- Aqualyng AS (Norway)
- Tishman Speyer (USA)
- Emaar Properties (UAE)
- The Trump Organization (USA)
- Alstom (France)
- Hydro-Comp Enterprises (Cyprus)
- GIZ (Germany)

AGENCIES

- Ministry of Urban Development (<http://moud.gov.in>)
- Ministry of Rural Development (<http://rural.nic.in>)
- JNNURM (<http://jnnurm.nic.in>)
- The Confederation of Real Estate Developers Associations of India (<http://credai.org>)
- Builders Association of India (<http://baionline.in>)
- Construction Industry Development Council (<http://cidc.in/new>)



GOVERNMENT OF INDIA

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