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INDIA – MOST PREFERRED INVESTMENT DESTINATION

Synopsis based on E & Y Report of 19th October 2015.

Ernst & Young's Indian Attractiveness Report¹

India has been ranked as the most attractive investment destination in the world for the next three years with 32% of global business leaders favoring the country, followed by China, South-East Asia and Brazil by Ernst & Young in its Report of 19/10/2015. Highlights of the Report are as follows:

1. No. 1 FDI Destination

A leading 32% of the investors ranked India as the most attractive market this year, while 60% placed the country among the top three investment destinations. In the first half of 2015, India has emerged as the no.1 FDI destination in the world. A rise of 135% in the FDI capital, USD 91M being the highest ever FDI capital per project and an increase of 221% in FDI capital increase in manufacturing clearly indicates the economic growth of India in comparison to the economies of rest of the world.

2. Manufacturing leads investment plans

There has been a steady rise of 8.5% in the Manufacturing sector from 2013 to 2014. 62% of the investors are interested in starting a business activity in the Marketing sector while 42% are interested in the Services sector and 21% in the Sales and Marketing sector. Clearly, Manufacturing is turning out to be the quintessential sector which needs to be focused on in order to boost the economic growth and attract Investors. Investors are very optimistic regarding the current economic growth in India and are interested in entering the Indian market over the next year.

3. Make in India Program: positive for manufacturing

Among the respondents (Total: 234) of the Ernst & Young attractiveness report, 69% were aware of the Make in India program. Modi Government is sparing no expenses in the advertising of Make in India program, trying to gain as many Investors as possible. Business leaders are finding India's macroeconomic and political stability (which had a 6% and 15% rise respectively), FDI policy (which had a 8% rise) and ease of doing business (which had a 10% rise) more attractive in 2015, compared with 2014.

The EY Report of the Indian market as "very attractive" does not come as a surprise considering the 1.252 b population. The Make In India Policy, Digital India and the 100

¹ <http://www.ey.com/IN/en/Issues/Business-environment/EY-india-attractiveness-survey-2015#>, last visited on 19th October 2015.

Smart Cities that the Government has announced are all instrumental in pushing India's ranking to No.1. Manufacturing in India will obviously have the advantage of cheaper manufacturing costs as compared to developed nations.

4. Digital India and 100 Smart Cities

The Digital India campaign started by Mr. Modi in his recent visit to the US was met with great enthusiasm. India has already shown the world its prowess regarding technology so this policy would be a step ahead in consolidating its position.

The 100 Smart Cities are much required plan for improving India's urban cities which will give the country much respite as today the Metros seem to be choking with the populace of several states. The 100 Smart Cities of the future would be an attraction for the migrating populace.

5. India in 2020

Taking into account the increase of 8% in just one year, India by 2020 would have become, if not the top, one of the top three economies in the world. India would become the top Manufacturing hub of various industries, considering the steady rise of 11% in just a single year. In order to keep pace with this, the operations and law aspects of these sectors need to be focused on, as they will prove to be the supporting pillars for the Projects which the Investors will be investing in, considering that they will be relying on the locals, which will be much more cheaper.

6. Most Preferred Destination

In the first six months of this year, FDI capital in manufacturing increased 221%. After a steep fall in 2013, FDI in manufacturing has grown at its fastest in seven years. In 2014, investors announced plans to "invest a total of \$11.4 billion in 192 FDI projects, creating more than 67,000 jobs," the study stated. "Over the last year, the improvements in India's macroeconomic indicators, accompanied with the ongoing efforts to revitalize growth, have offered new hope to investors," said Rajiv Memani, EY Chairman of the Global Emerging Markets Committee and India Regional Managing Partner. The EY report says that while investors are cautious about the business environment in India, the overall outlook is positive due to the improved economic growth and investor friendly moves by the government.²

² <http://economictimes.indiatimes.com/news/economy/indicators/india-most-attractive-global-investment-destination-china-main-competitor-ey-survey/articleshow/49363885.cms>, last visited on 19th October 2015.