MAKE IN INDIA

Sector Specific Comparison Before & After the Launch of Make In India Initiative

B E F O R E   &   A F T E R

June 2015

Name of the sector	Before Make in India	After Make in India	Investment Favorable Policies
DEFENSE INDUSTRY	26% FDI CAP	49% FDI permitted	1. The initial validity period of industrial licenses has been increased to three years from the present two years. 2. Partial commencement of production is treated as commencement of production of all the items included in the license.

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CHEMICALS	Customs duty on reformate amounted to 10%	decreased to 2.5%	1. Industrial licensing has been abolished for most sub-sectors except for certain hazardous chemicals. 2. The government is continuously reducing the list of reserved chemical items for production in the small-scale sector. 3. Policies have been initiated to set up integrated Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR). 4. PCPIR will be an investment region spread across 250 square kilometers for the manufacture of domestic and export-related products of petroleum, chemicals and petrochemicals.
	Basic Customs duty (BCD) on propane, ethane, ethylene, propylene, butadiene was 5%.	decreased to 2.5%	
	BCD on ortho-xylene was 5%.	decreased to 2.5%.	
	BCD on denatured ethyl alcohol and methyl alcohol was 7.5%	decreased to 5%.	
	BCD on crude naphthalene was 10%	decreased to 5%.	
	BCD on fatty acids, crude palm stearin, RBD and other palm stearin and specified industrial grade crude oils is 7.5%.	Under process of being reduced to NIL.	
	BCD on crude glycerin is 12.5%	Being brought down to 7.5% in general and to nil for manufacture of soaps subject to actual user conditions.	

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<tr><th>Name of the Sector</th><th>Before Make in India</th><th>After Make in India</th><th>Investment Favorable Policies</th></tr>
<tr><td rowspan="5">MINING</td><td>BCD on ships imported for breaking up WS 5%</td><td>Being brought down to 2.5%</td><td rowspan="5">The NMP enunciates measures like assuring rights to next stage mineral concession, transferability of mineral concessions and transparency in the allotment of concessions in order to reduce delays which are seen as impediments to investment and technology flows in the mining sector in India</td></tr>
<tr><td>BCD on coal-tar pitch was 10%</td><td>Being brought down to 5%</td></tr>
<tr><td>BCD on battery waste and battery scrap was 10%</td><td>Being brought down to 5%</td></tr>
<tr><td>BCD on steel grade limestone and steel grade dolomite was 5%</td><td>Being reduced to 2.5%</td></tr>
<tr><td></td><td>1. The variation level and the parameter of measurement with respect to re-import of cut and polished diamonds after certification/grading from a foreign laboratory/agency are being increased as a trade facilitation measure.

2. Under the existing provisions of Section 35 AD of the Act, an investment – linked tax incentive is available by way of allowing deduction of the whole of any expenditure of capital nature (other than expenditure on land, goodwill and financial investment) incurred wholly and exclusively for purpose of the “specified business” during the previous year in which such expenditure was incurred.

3. In order to promote investment in new sectors, few more businesses have been added under the above section. Those related to the mining sector are:
A. Laying & operating a slurry pipeline for the transportation of iron ore.
B. The above business shall begin operations on or after 01.04.2014. It also has the condition of lock-in period of 8 years for use of assets.</td></tr>
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TEXTILE AND GARMENTS	The duty-free entitlement for import of trimmings and embellishments used by the readymade textile garment sector for manufacture of garments for exports was 3% Basic Customs Duty (BCD) on raw materials for manufacture of spandex yarn viz. polytetramethylene ether glycol and diphenylmethane 4,4 di-isocyanate was 5%.	Being increased to 5% Being reduced to NIL 1. Any of the following two deductions can be availed: A. Investment allowance (additional depreciation) at the rate of 15% to manufacturing companies that invest more than INR 1 Billion in plant and machinery acquired and installed between 01.04.2013 and 31.03.2015, provided the aggregate amount of investment in new plant and machinery during the said period exceeds INR 1 Billion. B. In order to provide a fillip to companies engaged in manufacturing, the said benefit of additional deduction of 15% of the cost of new plant and machinery, exceeding INR 250 Million, acquired and installed during any previous year, until 31.03.2017. 2. A weighted tax deduction is given under Section 35 (2AA) of the Income Tax Act.	1. Allocation of INR 500 Million towards the setting up of a trade facilitation centre and a crafts museum to develop and promote handloom products and carry forward the rich tradition of the handlooms of Varanasi. 2. Allocation of INR 2000 Million towards the proposed setting up of mega textile clusters at Bareilly, Lucknow, Surat, Kuttch, Bhagalpur and Mysore and one in Tamil Nadu. 3. Allocation of INR 300 Million towards the setting up of Hastkala Academy for the preservation, revival and documentation of the handloom/handicraft sector in PPP mode in Delhi.

TEXTILE AND GARMENTS Continued...		3. A weighted deduction of 200% is granted to assesses for any sums paid to a national laboratory, university or institute of technology, or specified persons with a specific direction that the said sum would be used for scientific research within a program approved by the prescribed authority. A weighted tax deduction of 200% under Section 35 (2AB) of the Income Tax Act for both capital and revenue expenditure incurred on scientific research and development.	4. Allocation of INR 500 Million towards the setting up of Pashmina Promotion Programme (P-3) and a programme for the development of other crafts of Jammu & Kashmir.

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OIL AND GAS	`Excise duty of branded petrol was INR 7.50.	Reduced to INR 2.35 per litre.	1. A special deduction is available for provisions made for site restoration expenses if the amount is deposited in a designated bank account. 2. The import of capital goods at a zero basic custom duty is allowed for export purposes. Capital goods for the pre/post production stage are also permitted.
		Reduction in fuel subsidies through appropriate measures	

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THERMAL POWER	Extension of sunset date under section 80 IA (4) (iv) of the Income Tax Act for the power sector (generation, distribution and transmission) to 31.03.2017 for claiming deduction of 100% of profits and gains for 10 consecutive assessment years. The CVD on anthracite coal, coking coal was 6%.	The duty structure on non-agglomerated coal of various types is being rationalized at 2.5% Basic Customs Duty (BCD) and 2% Counterveiling Duty (CVD). Being reduced to 2%	1. Adequate quantity of coal will be provided to power plants which are already commissioned or are to be commissioned by March 2015. 2. Allocation of INR 1 Billion for preparatory work for a new scheme creating ultra-modern super critical coal-based thermal power technology aimed at providing cleaner and efficient thermal power. 3. Allocation of INR 5 Billion to Deen Dayal Upadhyaya Gram Jyoti Yojana, for launching feeder separation to augment power supply to the rural areas and for strengthening sub-transmission and distribution systems. 4. Imports of liquefied propane mixture, liquefied propane, liquefied butane and liquefied petroleum gases for supply to non-domestic exempted category customers by the IOCL, HPCL or BPCL retrospectively from 08.02.2013 5. Full exemption from central excise duty is being provided to liquefied propane mixture, liquefied propane, liquefied butane and liquefied petroleum gases for supply to non-domestic exempted category customers by the IOCL, HPCL or BPCL retrospectively from 08.02.2013.

Name of the Sector	Before Make in India	After Make in India	Investment Favorable Policies
RENEWABLE ENERGY	Excise duty was 12% on forged steel rings used in the manufacture of bearings of wind-operated electricity generators.	1. Being reduced to NIL 2. Full exemption from excise duty is being provided for solar tempered glass used in the manufacture of solar photovoltaic cells/modules, solar power generating equipment/system and flat plate solar collectors. 3. Full exemption from excise duty is being granted in respect of machinery, equipments etc. required for setting up of solar energy production projects. 4. Full exemption from excise duty is being provided to backsheet and EVA sheet used in the manufacture of photovoltaic cells/modules and specified raw materials used in their manufacture. 5. Full exemption from excise duty is being provided to parts consumed within the factory of production for the manufacture of non-conventional energy devices. 6. Full exemption from excise duty is being provided on flat copper wire used in the manufacture of PV ribbons (timed copper interconnect) for use in the manufacture of solar cells/modules. 7. Full exemption from excise duty is being provided on machinery, equipment etc. required for the setting up of compressed biogas plants (Bio-CNG). 8. Basic customs duty is being reduced from 10% to 5% on forged steel rings used in the manufacture of bearings of	1. Allocation of INR 5 Billion towards the proposed ultra-mega solar power projects in Rajasthan, Gujarat, Tamil Nadu and Ladakh in J&K which includes an allocation of INR 4 Billion for launching a scheme for solar power driven agricultural pump sets and water pumping stations for energizing 100,000 pumps and a future allocation of INR 1 Billion for the development of 1 MW solar parks on the banks of canals. 2. The MNRE is providing central financial assistance to set up small/micro hydro projects both in the public and private sectors. Support is also given to state governments for the identification of new potential sites, including surveys, the preparation of detailed project reports and the renovation and modernization of old projects. 3. State Electricity Regulatory Commissions in Andhra Pradesh, Haryana, Punjab,

RENEWABLE ENERGY (Continued.....)		wind-operated electricity generators. 9. Full exemption from SAD is being provided on parts and components required for the manufacture of wind-operated electricity generators. 10. Basic customs duty on machinery, equipments etc. required for the setting up of solar energy production projects is being reduced to 5%. 11. Full exemption from basic customs duty is being provided on specified raw materials used in the manufacture of solar back sheet and EVA sheet. 12. Full exemption from basic customs duty is being provided on flat copper wire used in the manufacture of PV ribbons (timed copper interconnect) or solar PV cells/modules. 13. Concessional customs duty of 5% is being provided on machinery, equipment etc. required for the setting up of compressed biogas 14. INR 378.8 Billion has been allocated towards the proposed investment in the National Highways Authority of India and state roads which includes INR 30 Billion for the North-east. 15. INR 143.89 Billion has been allocated towards the Pradhan Mantri Gram Sadak Yojana. 16. INR 5 Billion has been allocated to set up an institution to provide support to mainstreaming Public Private Partnerships in India called 3P India.	Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Gujarat, Kerala, Punjab, Orissa and West Bengal have announced preferential tariffs for purchase of power from wind power projects.

Name of the Sector	Before Make in India	After Make in India	Investment Favorable Policies
ROADS AND HIGHWAYS	The FII investment limit was USD 5 Billion	1. Raised to 25 Billion 2. Companies enjoy 100% tax exemption in road projects for 5 years and 30% relief for the next five years. 3. Capital gains of up to 40% of the total project cost to enhance viability. 4. Financial institutions have received government approval to issue tax-free bonds for a total value of USD 9.2 Billion in 2014-15. 5. The India Infrastructure Finance Company (IIFC) is to provide long-term funding for infrastructure projects. 6. Interest payments on borrowings for infrastructure are now subject to a lower withholding tax of 5% 7. Infrastructure Debt Fund income is exempt from income tax	1. INR 378.8 Billion has been allocated towards the proposed investment in the National Highways Authority of India and state roads which includes INR 30 Billion for the North-east. 2. INR 143.89 Billion has been allocated towards the Pradhan Mantri Gram Sadak Yojana. 3. INR 5 Billion has been allocated to set up an institution to provide support to mainstreaming Public Private Partnerships in India called 3P India.

Name of the sector	Changes after Make in India	Investment Favorable Policies
AUTOMOBILES	1. Excise duty is being exempted on parts of tractors removed from one or more factories of a tractor manufacturer to another factory of the same manufacturer. 2. Assesses can claim one of the following deductions: A. Investment allowance (additional depreciation) at the rate of 15% to manufacturing companies that invest more than INR 1 Billion in plant and machinery acquired and installed between 01.04.2013 and 31.03.2015 B. Deduction of 15% of cost of new plant and machinery extended for investments exceeding INR 250 Million C. A lower rate of excise duty on automobiles provided in the interim budget until December 2014. 3. For small cars, motorcycles, scooters duty reduced from 12% to 8%. 4. For commercial vehicles and SUVs – the duty reduced from 30% to 24%. 5. For large and mid-segment cars – the duty reduced from 27% to 24% and 24% to 20% respectively.	1. Automatic approval for foreign equity investment up to 100% with no minimum investment criteria. 2. Manufacturing and imports in this sector are exempt from licensing and approvals. 3. The encouragement of R&D by offering rebates on R&D expenditure.

Name of the sector	Changes after Make in India	Investment Favorable Policies
IT and BPM	Allocation of INR 5 Billion for launching a pan-India programme – Digital India and a national rural internet and technology mission for services in villages and schools, training in IT skills and E-Kranti for government service delivery and governance scheme.	National Policy on Information Technology 2012 aims to increase revenues of IT and BPM industry to USD 300 Billion by 2020 and expand exports to USD 200 Billion by 2020.

Name of the sector	Changes after Make in India	Investment Favorable Policies
FOOD PROCESSING	1.Any of the following two deductions can be availed: a. Investment allowance (additional depreciation) at the rate of 15% to manufacturing companies that invest more than INR 1 Billion in plant and machinery acquired and installed between 01.04.2013 and 31.03.2015 provided the aggregate amount of investment in new plant and machinery during the said period exceeds INR 1 Billion. b. In order to provide a further fillip to companies engaged in manufacturing, the said benefit of an additional deduction of 15% of the cost of new plant and machinery exceeding INR 250 Million, acquired and installed during any previous year, until 31.3.2017. 2. Full exemption from customs duty is being granted to de-oiled soya extract, groundnut oil cake/cake meal, sunflower oil cake/cake meal, rice bran/rice bran oil cake and palm kernel cake until 31.12.2014.	INR 500 Million has been allocated for the development of indigenous cattle breeds and an equal amount has been set for starting a blue revolution in inland fisheries. It has also been decided to provide for a lock-in period of eight years for use of assets in instances where deduction under Section 35 A of the Income Tax Act has been claimed. THE NATIONAL MISSION ON FOOD PROCESSING : The centrally sponsored scheme provides the following: 1. Technology upgradation, establishment and modernization of the food processing industries. 2. Cold chain, value addition and reservation infrastructure or non-horticultural products. 3. The setting up, modernization and expansion of abattoirs. 4. Human resource development 5. Promotional activities. 6. Primary processing and collection centres in rural areas. 7. The modernisation of meat shops. 8. Reefer vehicles.

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INSURANCE	26% FDI+FII/FPI+NRI Cap	49% {FDI+FPI(FII,QFI)+NRI +FVCI+DR} Cap

(Insurance Company, Insurance Brokers, Third Party Administrators, Surveyors and Loss Assessors)

Name of the sector	Changes after Make in India	Investment Favorable Policies
ELECTRICAL MACHINERY	1. Any of the following two deductions can be availed: A. Investment allowances (additional depreciation) at the rate of 15% to manufacturing companies that invest more than INR 1 Billion in plant and machinery acquired and installed between 01.04.2013 and 31.03.2015 provided the aggregate amount of investment in the new plant and machinery during the said period exceeds INR 1 Billion. B. In order to provide a further fillip to companies engaged in the manufacture of an article or thing, the said benefit of additional deduction of 15% of the cost of new plant and machinery, exceeding INR 250 Million which is acquired and installed during any previous year ending on 31.3.2017. 2. A weighted tax deduction is given under Section 35 (2AA) of the Income Tax Act. A weighted deduction of 200% is granted to assesses for any sum paid to a national laboratory, university or institute of technology, or specified persons with a specific direction, provided the said sum is used for scientific research within a program approved by the prescribed authority. 3. A weighted tax deduction of 200% under Section 35 (2AB) of the Income Tax Act for both capital and revenue expenditure incurred on scientific research and development. 4. A weighted tax deduction of 200% under Section 35 (2AB) of the Income Tax Act for both capital and revenue expenditure incurred on scientific research and development	1. 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. 2. With planned capacity addition of 88.5 GW projected at the end of 2017 through the Accelerated Power Development Reform Program, the government plans to provide reliable, affordable and quality power to all.

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ELECTRONIC SYSTEMS	Basic customs duty on LCD and LED TV panels below 19 inches-10%.	Being reduced to NIL
	Basic customs duty on colour picture tubes for manufacture of cathode ray TVs-10%	Being reduced to NIL
	Basic customs duty on e-book readers-7.5%.	Being reduced to NIL

Name of the sector	Changes after Make in India	Investment Favorable Policies
PORTS	1. Allocation of INR 116.35 Billion for the development of the Outer Harbour Project in Tuticorin for Phase I. 2. A Ganges-based project named 'Jal Marg Vikas' will be undertaken between Allahabad and Haldia. This project is to be completed over a period of 6 years at an estimated cost of INR 42 Billion. 3. Exemptions under the Income Tax Act for Infrastructure Development, under Section 80IA.	MARITIME AGENDA 2O1O-2O : A perspective plan of the government defines priority areas of investment in the Indian maritime sector. These include: • Plans to create port capacity of around 3200 MMT to handle the expected traffic of about 2500 MMT by 2020. • Plans to implement full mechanization of cargo handling and movement at ports. • The development of two major ports as well as two port hubs. • Major ports are under the jurisdiction of the Government of India and are governed by the Major Port Trust Act, 1963, except Ennore Port, which is administered under the Companies Act, 2013.

Name of the sector	Changes after Make in India	Investment Favorable Policies
MEDIA & ENTERTAINMENT	1. INR 1000 Million has been allocated to encourage the growth of community radio stations. 2. INR 5000 Million has been allocated for launching a pan-India programme named Digital India and a national rural internet and technology mission for services in villages and schools, training in IT skills and e-kranti for government service delivery and governance scheme. 3. INR 1000 Million has been allocated for launching a programme to promoting good governance	1. In December 2011, the Indian government passed 'The Cable Television Networks (Regulation) Amendment Act' for digitisation of cable television networks by 2014, cable operators under the digitisation regime are legally bound to transmit only digital signals, while customers can access subscribed channels through a set-top box (STB). 2. In phase I and II, 33 Million STBs have been installed. For phase III and IV it is estimated that around 110 Million STBs will be required. 3. Co-production treaties with various countries such as Italy, Brazil, UK and Germany are to increase the export potential of the film industry. 4. Television advertisement revenue is also expected to witness robust growth and increase from INR 125 Billion in 2012 to a projected INR 253 Billion by 2018. 5. India is emerging as the teleport hub of Asia. 6. 86 teleport permissions have been issued by the Ministry of I&B.

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<tr><td>PHARMACEUTICALS</td><td>1. Full exemption from excise duty is being provided for HIV/AIDS drugs and diagnostic kits supplied under National AIDS Control Programme funded by the global fund to fight AIDS, TB and Malaria (GFATM)

2. Any of the following two deductions can be claimed:

A. Investment allowance (additional depreciation) at the rate of 15% to manufacturing companies that invest more than INR 1 Billion in plant and machinery acquired and installed between 01.04.2013 and 31.03.2015 provided the aggregate amount of investment in new plant and machinery during the said period exceeds INR 1 Billion.

B. In order to provide further fillip to companies engaged in manufacturing, the said benefit of additional deduction of 15% of cost of new plant and machinery, exceeding INR 250 Million which is acquired and installed during any previous year ending up to 31.3.2017.</td><td>1. A weighted tax deduction is given under section 35 (2AA) of the Income Tax Act.

2. A weighted deduction of 200% is granted to assesses for any sum paid to a national laboratory, university or institute of technology, or specified persons with a specific direction provided that the said sum is used for scientific research within a program approved by the prescribed authority.

3. Similar deductions can be claimed by manufacturing units having their in-house Research and Development Units.</td></tr>
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