India and Taiwan

A Growth Led Partnership
In recent years, Taiwan has had good interactions with India in various fields. This successful partnership between India and Taiwan is based on a foundation of common values, strategic congruences and mutual respect. As we are both critical players in the restructuring of global supply chains, we cannot be easily separated. Indeed, we are strongly bound in the affairs of trade and the development of industries.

Focusing on the unlimited industrial opportunities in the Indian market, Taiwan’s electronics manufacturing, chemical, steel, textile, shoe and machine tool industries have invested in India and established related industrial clusters. Taiwanese companies have not only put down roots in India’s market to manage and expand their global business networks, they have also provided significant job opportunities in various areas and fostered the prosperous domestic economy of India.

India boasts abundantly skilled talents in product design and engineering, while Taiwanese manufacturers have strong capabilities in the design, development, and production of superior-quality and reasonably priced commodities that cater to consumer behavior and demand. A dynamic and streamlined linkage of Taiwan and India’s respective advantages will ensure that consumers worldwide have access to quality products at competitive prices.

With an eye towards the future, Taiwan and India can continue to expand the scope of industrial and supply chain cooperation. Taiwanese companies that are successfully based in India will strive for engagement with like-minded businesses to further explore opportunities in the states of India. The horizon is clear and bright for us to work hand-in-hand and grow together.
Foreword

I am happy to learn that the Taiwan Plus Team at Invest India is bringing out a comprehensive report to promote business and investment partnership between India and Taiwan. I commend Invest India for this timely initiative at a moment of rapid supply chain realignment and transformation of economic structures accelerated by the COVID-19 pandemic. India's strong resolve and policy-driven measures to emerge as a strong and resilient manufacturing hub and the indispensable role of Taiwan's industries in many global supply chains make this report of enormous significance.

2. The economies of India and Taiwan are both complimentary and similar. India's massive scale of production and consumption can find a perfect match in Taiwan's efficiency; India's huge software talent can benefit, and profit from, Taiwan's proven hardware skills; India's dynamic market can provide new growth impetus for Taiwan's mature industries. Both India and Taiwan are knowledge-driven innovative societies, with competence in technology and services. The scope for India-Taiwan business cooperation is extensive, ranging from R&D, manufacturing, infrastructure to finance.

3. The last few years have seen considerable growth in interest in India among Taiwanese businesses. It is a trend encouraged by policies adopted by Government of India to bring out India's manufacturing potential and by Taiwan's government to cultivate new markets under 'New Southbound Policy'. Such cooperation at the business level is also getting reinforced by enhanced people-to-people interaction, including ever-growing student exchanges, stable tourism flows and deepening interaction between think tanks. Taiwan's successful handling of the COVID-19 pandemic and India's demonstration of capacities as a reliable manufacturer of medical products and vaccines have generated new level of interest and mutual admiration for each other among our peoples.

4. However, our possibilities and potential far outstrip reality. Businesses in India and Taiwan are only beginning to discover each other. I hope, and remain confident, that this comprehensive report by Invest India will facilitate better understanding to businesses on both sides and encourage them to explore hitherto unexplored possibilities.
India and Taiwan share a unique economic partnership. With their collaboration spanning across diverse sectors of electronics, vehicle components, textiles and footwear, renewable energy, consumer goods, much is being done on enhancing bilateral investments, people-to-people exchanges and technical cooperation between Taiwan and India.

There is a natural inclination for Taiwanese companies to do business in India considering the huge domestic market potential and India’s progress in recent years with respect to Ease of doing Business. The government, both at the central and state levels, has taken major initiatives to attract investments to India.

The Department for Promotion of Industry and Internal Trade (DPIIT) has undertaken several initiatives to improve the industrial and investment ecosystem. Creation of a national-level land bank by integrating the Industrial Information System (IIIS) with State industrial GIS systems, introduction of Industrial Park Rating System (IPRS), focused initiatives for the North Eastern States, setting up of an Investment Clearance Cell, improving Ease of Doing Business by implementing state and district reform action plan and setting up of Empowered Group of Secretaries and Project Development Cells (PDCs) across ministries for speedy execution of projects are some of the focused initiatives implemented to attract investments.

To further integrate India to global supply chains and make manufacturing in India globally competitive, the government recently announced the production-linked incentive (PLI) scheme to include as many as ten more sectors such as food processing and textiles other than the already included mobile phones, allied equipment, pharmaceutical ingredients and medical devices with the aim to give companies incentives on incremental sales from products manufactured in domestic units.

I hope that these new initiatives and upcoming incentives will encourage more Taiwanese companies to invest in India. In this regard, Invest India has created a comprehensive report that enumerates Taiwanese businesses’ achievements and contributions in India and showcases more investment opportunities.

I want to congratulate the Strategic Investment Research Team and Taiwan Plus Desk at Invest India for meticulously showcasing the case for a growing economic partnership between Taiwan and India.
Foreword

Taiwan and India share a vibrant business relationship. India’s huge market provides Taiwan with vast investment opportunities, while Taiwan’s reputation as a hub for technological innovation which complements India’s growing manufacturing capabilities.

There are over 160 Taiwanese companies operating in India. Taiwanese companies have organically formed significant clusters in several states in India. The fact that three top Taiwan firms, Foxconn Technology Group, Wistron Group and Pegatron Corp – all of the top contract manufacturers for Apple— are present in India is a testament to this ever-growing partnership.

To further strengthen economic ties, a dedicated, Taiwan-focused desk has been established by Invest India to facilitate investments and handhold investors from Taiwan. The Taiwan Plus Desk services include end-to-end market entry assessment, location and incentive advisory, policy advocacy, issue resolution, and aftercare. The team has worked on over 75 business requests across 16 core sectors and facilitated several companies across key sectors of ESDM, textiles, leather and footwear, chemicals, capital goods.

As trade volumes are increasing, various upcoming MoUs and agreements in force are enriching the partnership and cooperation between the two sides in multiple sectors including SME cooperation, agricultural cooperation, industrial collaboration, double taxation avoidance agreement and bilateral investment agreement.

While there are several domains that are to be explored, this comprehensive report by the Taiwan Plus Desk and Strategic Investment Research Unit (SIRU) at Invest India is an attempt to understand the business exchange between Taiwan and India and serve as a source for all potential investors.

I hope that you find this useful and informative.

Sincerely yours,

Deepak Bagla

Managing Director & CEO, Invest India
India and Taiwan share a warm cultural and a business relationship with plenty of potential for growth. To augment the growth of business opportunities between both the regions, Invest India under the guidance of DPIIT & India Taipei Association have been undertaking various initiatives. The shift in the global supply chain and the disruptions caused by the Covid-19 pandemic presents an opportunity for both the regions to diversify and strengthen their business resilience. India’s indelible resources and Taiwan’s technological capabilities paves way for a conducive and an ever-lasting partnership. We are only at the tip of the iceberg.

Taiwan Plus Desk closely engages in a wide range of services, as outlined in the report, from Outreach initiatives to providing advisory support to hand-holding all Taiwanese investors looking at India. Apart from this, the Taiwan Desk also ensures the smooth functioning of the existing investors in India through a range of dedicated after-care services. We hope to welcome investors from Taiwan in the coming years. Beyond the above core investment opportunities, there also lies a huge scope for lateral engagements. Collaboration in the domains of start-up, waste to wealth management technologies and innovation solutions are some of the areas Invest India would be keenly exploring this year.

We hope you find this report useful.

You can reach us anytime at taiwan@investindia.org.in
Introduction

India and Taiwan share strong foundations in their mutual respect for shared values, converging strategic interests and business ethics. In the recent past, our ties have been further strengthened by a growing realization among both sides of the need of a deeper and closer engagement with each other. This has been complemented by our enhancing bilateral trade and investment scenario along with newer areas of cooperation such as technology sharing, digital economy and electronics manufacturing.

The Covid-19 disruption is leading several companies to rethink their international manufacturing base strategy to help them diversify their risk and to assure them of continuous independent supplies. To bolster this, Taiwan has expressed its further intent to assist its anchor unit companies and supply chain companies to establish operations overseas to align with their New Southbound Policy, which includes India as a growth partner amongst other nations.

Recognizing this opportunity, the Prime Minister of India, in his address to the nation on 12 May 2020, laid-out his vision of a USD 5 Trillion (Tn) economy through ‘Atmanirbhar Bharat’ (Self-reliant India) with economy, infrastructure, system, demography and demand as its five pillars.

Noting that due to its quick industrialization and rapid growth during the latter half of the 20th century, Taiwan has been called the "Taiwan Miracle" and it is also one of the "Four Asian Tigers" alongside Hong Kong, South Korea, and Singapore, India is eager to explore new opportunities together. India, like Taiwan, has also been steadily developing its economy and is implementing new policies in line with the Prime Minister’s ‘Atmanirbhar Bharat’ campaign to realize the vision of ‘New India’.

India has in place an “Act East Policy” which acts to increase economic integration with South East Asian countries. Similarly, Taiwan’s New Southbound Policy released in 2016 aimed to increase Taiwan’s cooperation with 18 countries in South Asia, South East Asia, and Australasia so as to reduce dependence on China. As part of the New Southbound Policy initiative, a dedicated trade office Taiwan External Trade Development Council (TAITRA) was setup by Taiwan’s Ministry of Economic Affairs in India. Taiwanese FDI in India more than doubled between 2016-17, after the New Southbound Policy was announced by President Tsai Ing-Wen.
Further, India and Taiwan have showed strong determination towards bilateral cooperation with the signing of an industrial collaboration MoU. The MoU involves cooperation in research and development (R&D), design and engineering, product manufacturing and after sales services. The MoU also displays the intentions to strengthen bilateral industrial exchanges between Taiwan and India.

There are already over 160+ Taiwanese companies operating in India such as Hon Hai Precision (Foxconn), Wistron, Apache, Feng Tay, Nan Liu, Century Development Corporation. Taiwanese companies have organically formed significant clusters in several states. 27 out of 55 Taiwanese electronics companies in India are in the Bangalore - Tamil Nadu – Andhra belt, forming the largest organic cluster yet.
Taiwanese Industrial Clusters

160+ TAIWANESE COMPANIES
50% of Taiwanese electronics suppliers in India in Karnataka-Tamil Nadu-Andhra Pradesh belt.

HARYANA: Manesar
- China Airlines
- Sentec
- CSRC
- Delta
- Chetay
- BenQ
- ChingShyan Gears

UTTAR PRADESH
- TC Power Friends
- CINDA
- COMPAL
- Wistron
- Delta
- MediaTek
- Continental Carbon

RAJASTHAN
- HongZheng Technology
- Lorom Industries

GUJARAT
- NanLiu
- Maxxis
- ChinaSteel

MAHARASHTRA
- Acer
- Asus
- Yang Ming
- Wan Hai Lines

WEST BENGAL
- Karma

ANDHRA PRADESH | Achutapuram
- Apache Footwear
- Walsin Technology
- Foxconn Technology

KARNATAKA
- Delta
- Wistron

TAMIL NADU | Chennai
- Feng Tay
- Foxconn
- NanPao
- Perlos
- Silitech
- Nittei Engineering
- FatSun Technologies
- Lotus Footwear

India and Taiwan: Towards a sustainable partnership
Likewise, Indian companies like Tata Consultancy Services, Wipro, Inmobi, Lumax, Tech Mahindra have a presence in Taiwan.

There have also been high level visits from officials in Taiwan to India. In 2007, the KMT presidential candidate Ma Ying-Jeou visited India and in 2012 the current President Tsai Ing-Wen visited as the chair of the Democratic Progressive Party (DPP). An India-Taiwan Parliamentary Friendship Forum was established in 2016 by 22 Indian parliamentarians as a ‘Formal Platform for ‘Friendship’ and in 2018, the first India-Taiwan Trade Forum was convened in Taipei, the Taipei World Trade Center inaugurated its New Delhi office and the Taiwan Expo (a business exposition) was also inaugurated at New Delhi.

As the novel coronavirus pandemic affected countries across the world, in April 2020, Taiwan’s medical institutions hosted a series of webinars for over 14,000 Indian medical staff. Through the webinars they shared their experience on topics such as testing kits, analysis of outbreak signals, containment of the epidemic and best practices for hospitals. The webinars were organized with the help of Taipei Economic and Cultural Centre (TECC), TAITRA and two Indian pharmaceutical companies. The Government of India is actively seeking to promote economic cooperation, cultural ties and develop strategic relationship with Taiwan through continuous engagement at regional, bilateral, and multilateral levels.

### EXPORTS TO TAIWAN FROM INDIA

**USD 1.67 Bn**  
(0.53 per cent of total Indian exports)

- Iron and Steel
- Organic Chemicals
- Mineral Fuels and Oils
- Aluminium
- Zinc

### IMPORTS FROM TAIWAN TO INDIA

**USD 4.04 Bn**  
(0.85 per cent of total Indian imports)

- Nuclear Reactors, Boilers, Machinery and Mechanical
- Electric Machinery and Equipment
- Organic Chemicals
- Plastic Materials
- Mineral Fuels and Oils
Through the Years: A Timeline of the Taiwan-India Partnership

In the friendship between India and Taiwan which goes back to 1995, some key moments have stood out which have been showcased in this section of the report via a timeline. While the trade and economic engagement between both the sides have increased considerably over the years, there has also been a rapid increase in the number of bilateral exchanges. With the ‘Act East Policy’ of India and the New Southbound Policy of Taiwan opening a vista of opportunities for both the sides, this friendship will further bloom on the bedrock of thriving business opportunities that both sides have to offer.

1995
- Established Indian Taipei Association (ITA) in Taipei and Taipei Economic and Cultural Center (TECC) in New Delhi to promote non-governmental interactions between India and Taiwan, and to facilitate business, tourism, scientific, cultural and people-to-people exchanges.

1999
- Wipro established its office in Taiwan

2002
- Bilateral Investment Agreement was signed

2003
- Direct flights between India and Taiwan commenced

2004
- Taiwan began offering Indian students the Taiwan Scholarship and National Huayu Enrichment Scholarship to study Mandarin
2007
MoU on Science and Technology cooperation was signed

2007
Visit from KMT presidential candidate Ma Ying-jeou

2010
A deal on degree recognition in higher education was inked

2011
India and Taiwan signed a Double Taxation Avoidance Agreement (DTAA) and a Customs Cooperation Agreement

2012
President Tsai Ing-wen visited as the chair of the Democratic Progressive Party (DPP)

2012
TECC, Chennai is established to serve south India

2013
Factory of Lotus Footwear Enterprises Ltd is established in India by Feng Tay Group

2015
India’s e-Tourist Visa facility was granted to Taiwanese citizens

2015
MoU in Small and Medium Sized Enterprises was signed

2015
Foxconn announced that it would be setting up twelve factories in India and would create around one million jobs
2016 - 2017
Taiwanese FDI in India more than doubled between 2016-17, after the New Southbound Policy was announced by President Tsai Ing-Wen

2017
Twenty-one MoUs signed earlier that year by Taiwan’s Chinese National Federation of Industries and the Federation of Indian Chambers of Commerce and Industry

2017
TECC and the ITA formalized a memorandum of understanding (MoU) on the “Promotion of Industry Collaboration”

2018
Updated Bilateral Investment Agreement (BIA) and a treaty to mutually recognize respective authorized economic operation (AEO) programs

2018
Wistron was incorporated in India

2018
The first India-Taiwan Trade Forum was convened in Taipei

2018
Taipei World Trade Center inaugurated its New Delhi office in conjunction with the debut of the Taiwan Expo (a business exposition) in South Asia with New Delhi as the inaugural venue
Taiwan’s Ministry of Culture and the National Gandhi Museum in India organized a weeklong exhibition to mark in Taipei to mark Mahatma Gandhi’s 150th birth anniversary.

Invest India and Taiwan External Trade Development Council (TAITRA) signed an MoU to set up Taiwan Plus, a dedicated desk to facilitate Taiwanese investments in India.

The Indo-Taiwan Joint Research Center on Artificial Intelligence and Machine Learning was inaugurated July 27 in Rupnagar, India.

Taiwan’s medical institutions hosted a series of webinars for over 14,000 Indian medical staff to share their experience on topics such as testing kits, analysis of outbreak signals, containment of the epidemic and best practices for hospitals dealing with COVID-19 patients.
New India and its Business Reforms

Being the second most populous country in the world and one of the fastest growing economies in Asia, India is at an exciting juncture in its journey of development. Not only has the government of India been preparing strategies for businesses to thrive but also continues to roll out the red carpet for global investors to choose India as their preferred investment destination.

To further the ease of doing business in India, the government of India has taken multiple steps and made key policy decisions in the last few years, some of which are highlighted in this section of the report.

CREATION OF NEXT-GEN INFRASTRUCTURE

• National Infrastructure Pipeline (NIP): The NIP encapsulates infrastructure development across key sectors (such as energy, railways, roads, irrigation etc.) in India with investments of USD 1.4 Tn planned between 2019 and 2025 and 21 per cent share of private investments.

• National GIS-enabled Land Bank System: A national level land bank has been developed by integrating the Industrial Information System (IIS) with state industrial GIS systems. More than 3,300 industrial parks across 31 states/UTs covering about 475,000 hectares of land have been mapped on the system.

PROMOTING EASE OF DOING BUSINESS IN INDIA

• Reduction in Corporate Tax: The corporate tax in India has been reduced to 15 per cent from 25 per cent, making it globally competitive in terms of the tax. This competitive tax structure would boost cashflows for the manufacturing sector and therefore enable growth in domestic and foreign investments.

• Goods and Services Tax (GST): Goods and Services Tax is an indirect tax used in India on the supply of goods and services. It is a comprehensive, multistage, destination-based tax: comprehensive because it has subsumed almost all the indirect taxes except a few state taxes.

• E-Way Bill: Making deeper strides towards digitisation, the government introduced the e-way bill which is an electronic-way bill for movement of goods to be generated on the e-way bill portal (ewaybillgst.gov.in). Alternatively, the e-way bill can also be generated or cancelled through SMS, Android App and by site-to-site integration through API.

• Companies (Amendment) Act 2016: In order to facilitate ease of doing business in India, the Lok Sabha on 27th July 2017 passed The Companies (Amendment) Bill, 2016 with respect to structuring, disclosure and compliance requirements for the companies. The...
Act removes the restriction under Section 186 of making investment through not more than two layers of investment companies. This Bill addresses inconsistencies and procedural restrictions in the Companies Act, 2013 and would further attract foreign investments.

- **Insolvency and Bankruptcy Code (IBC):** The resolution mechanism enables a time-bound reorganisation procedure for corporate debtors with participation of professional institutions for the effective handling of the proceedings – thereby, improving recovery rate and reducing time to resolve insolvencies in India.

- **Single Window System for Clearances:** The government is working on a single window portal that drastically reduces the number of times businesses would need to interact with the government for getting clearances. The new system is completely digital and provides for unified and integrated business procedures. In addition, it will also encourage risk based self-regulation and third-party certifications.

- **Empowered Group of Secretaries (E-GoS) on Investment:** On the direction of the Union Cabinet, an Empowered Group of Secretaries has been constituted to promote investments and Ease of Doing Business in the country. The Group will supervise Project Development Cells set up across central government ministries.

- **Project Development Cells:** Project Development Cells (PDCs) have been constituted in Ministries/Departments to create a shelf of readily investible projects. PDCs will handhold investors and aim to improve Ease of Doing Business to spur sectoral and economic growth.

- **Custom Bonded Warehouse:** Section 65 of the Customs Act, 1962 provides for manufacturing as well as carrying out other operations in a bonded warehouse. Companies are offered the benefit of deferred duty on capital goods and imported goods, under this scheme. This scheme allows for greater competitiveness in the export market by allowing for zero-rated import of inputs when the final good is earmarked for export.

- **Procurement of Goods by Retailers from SEZs to Count towards Local Sourcing:** Goods procured from units in special economic zones (SEZs) by single-brand retailers, owned by foreign companies, would qualify for meeting the mandatory 30 per cent local sourcing conditions, according to a government clarification.

- **New ECB Rules Issued by RBI in 2019:** In January 2019, the Reserve Bank of India (RBI) issued a revised ECB framework that significantly simplified and liberalized the ECB regime. The most significant changes to the ECB framework relate to the categories of borrowers and lenders that are eligible to receive or advance ECB.

- **Easing of Norms for Foreign Investment in Startups:** Reserve Bank of India (RBI) has eased norms for foreign investment in startups. The banking regulator said that any Foreign Venture Capital Investors (FVCI) which is registered under the Securities and Exchange Board of India (Sebi) Regulations can invest in equity or equity linked instrument or debt instrument issued by an Indian ‘startup’ irrespective of the sector in which the startup is engaged. They will not require any approval from RBI.
• **Removal of Angel Tax in 2019**: Angel Tax, formally known as Section 56 (2) (viib) of the Income Tax Act, taxes funds raised by startups if they exceed the fair market value of the company. Many startups raised concerns over angel tax. Responding to these concerns, the Finance Minister announced that startups will not be required to present their fair market value of their shares issued to certain investors including Category-I Alternative Investment Funds (AIF).

• **SPICe+ to Improve EoDB in the MSME Sector**: The government had in February this year notified SPICe+ to offer 10 services including incorporation, DIN allotment, mandatory issue of PAN, TAN, EPFO registration, ESIC registration, Professional Tax registration (Maharashtra), mandatory opening of bank account for the company and allotment of GSTIN via a single web form.

• **‘Transparent Taxation’ Platform Launched**: The platform aims to remove any physical interface between the taxpayer and the income tax department. It provides faceless assessment, appeals and taxpayers’ charter. Every assessment will be faceless and conducted by a team of officers under the concept of dynamic jurisdiction. With this concept, the age-old practice of territorial jurisdiction will be done away.

• **Production Linked Incentives – November 2020**: The Union Cabinet approved a mega production linked incentive (PLI) scheme with an outlay of INR 1,45,980 Cr/ USD 20 Bn, aimed at boosting domestic manufacturing and exports. It is expected to increase the country’s production by USD 520 Bn in the next five years.

## PROVIDING WORLD-CLASS SOCIAL INFRASTRUCTURE TO OUR WORKFORCE

• **Wage Code Bill 2019**: The Code on Wages Bill, 2019 seeks to amend and consolidate laws relating to wages, bonus and matters connected therewith. The Code will subsume four labour laws -- Minimum Wages Act, Payment of Wages Act, Payment of Bonus Act and Equal Remuneration Act. After its enactment, all these four Acts would be repealed. The Code universalised the provision of minimum wages and timely payment of wages to all employees irrespective of the sector and wage ceiling. Under this, the number of registers/ forms prescribed under nine central laws and rules reduced from 56 to five.

• **Industrial Relations Code 2020**: In this, standing orders on matters related to workers' classification, holidays, paydays, and wage rates, termination of employment and grievance redressal mechanisms is mandated to establishments with at least 300 workers, instead of 100 workers.

• **Code on Occupational Safety, Health and Working Conditions 2020**: In this code, the factory definition has been expanded to 20 workers for premises where the process uses power and 40 workers where the process uses no power. Secondly, the manpower limit on hazardous conditions has been removed and mandates applying Code on contractors employing 50 or more workers instead of 20.

• **Department of Scientific and Industrial Research, Scheme for Granting Recognition and Registration to In-House R&D Units**: The Department of Scientific &
Industrial Research offers manufacturing companies tax exemptions of up to 100 per cent for expenses incurred on R&D in their respective field. Incentivising R&D will promote domestic innovation and investments in areas of superior technology.

- **National Education Policy (NEP) 2020**: According to the NEP 2020 approved by the Union Cabinet, India will double public investment in education to 20 per cent of its public expenditure or six per cent of the GDP over the next decade. The country will also let foreign universities set up campuses in India, a move that would not only make these centres of excellence accessible to larger sections of the Indian population but will also help curb the copious dollar outflows on higher education by Indian students abroad, which at last count, were roughly USD 7 Bn a year.

- **National IPR Policy (2016)**: The National IPR Policy is a vision document that encompasses and brings to a single platform, all IPRs. It views IPRs holistically, taking into account all inter-linkages and thus, aims to create and exploit synergies between all forms of intellectual property, concerned statutes and agencies. It sets in place an institutional mechanism for implementation, monitoring and review. It aims to incorporate and adapt global best practices to the Indian scenario. The ‘Pendency in Trademark’ examination time has been brought down from 13 months to one month, amongst the fastest globally. The disposal of patent applications has increased by more than two-folds and the disposal of copyright applications has increased by almost five times.

- **Patent Rules have been amended to Streamline Processes**: The shortest time taken to grant a patent recently has been just 67 days from the filing of the request for examination. As on 31st December 2019, 1,454 of the 1,700 expedited applications received had already been examined and 671 patents granted.
What the Experts Say

**Mr. Stanley Wang**
Deputy Director General,  
International Division,  
Institute for Information Industry Taiwan

**Q1. What do you feel is the common ground Taiwan and India share in terms of their culture and economy?**
Taiwan and India are both fast growing economies, and our people are both eager to improve living standards. Both of our people are good in using new technology to make life easier. So, our people have many things in common.

**Q2. In the effort to resume and exceed the India-Taiwan bilateral trade amount in 2019 which was USD 5.7 Bn, what efforts should both sides make?**
To resume and exceed the bilateral trade amount in 2019, I would suggest that we do the following –
- Ease the regulation on imports from Taiwan;
- Educate the market. When people are purchasing, they need to consider many factors such as quality, durability, and information security, not just price alone;
- Embrace local industries and Taiwan’s investments;
- In the meantime, we can use policy tools to promote Taiwanese products or/and investments.

**Q3. Given the current context of disruption of global supply chains due to the Novel Coronavirus pandemic, where do you think India and Taiwan should collaborate?**
The COVID-19 really affected global supply chains a lot. If we want to collaborate, we may start from pandemic prevention solutions because we have to keep our people safe, then they can work in offices or factory. Taiwan is strong in medical solution, and India is excellent in medicine (vaccine production), so I believe we can start cooperation in this area, then we can resume our supply chain collaboration.

**Q4. Given Prime Minister Modi’s push for champion sectors, what sectors do you see being the most attractive for potential investments from Taiwan in India?**
In the “Champion Sectors” like leather, gems and jewellery, renewable energy, pharma, and textiles, each industry has its unique market position and technical know-how. In these six industries, the most obvious scope might be the textiles and renewable energy since both industries would require huge investments in facility to manufacture related products, so we could focus on these two.

**Q5. What, in terms of consumer behaviour and demand, do you find similar in the economies of India and Taiwan?**
Taiwan and India are both developing economies that show significant growth in trade and economy. We both have good knowledge and passion in new technologies. We both have tremendous
demand in consumer electronics and appliances, which is among the reasons of our deep collaborations in these industries.

Q6. **India and Taiwan are finally working towards a more dynamic international relationship. What do you think could be the highlights of this partnership?**

Among all the industries, electronics is the biggest highlight. Some of the major providers of electronic manufacturing services, such as Foxcon, Wistron, and Pegatron, have landed in India to establish production base and perform large-scale manufacturing. Other supply chain players such as Zhen Ding Tech have also shown strong interest to set foot in India. Therefore, the biggest partnership highlight between India and Taiwan goes to electronics supply chains, undoubtedly.

Q7. **The Taiwan Expo (a business exposition) held in 2018 was inaugurated at New Delhi. Do you think more such or similar collaborative events would encourage business and investments?**

Definitely. We would also suggest the next round of this kind of expo could include B2B (matchmaking), and the Indian side B2B partner would need to set up some criteria to make the B2B more efficient and accurate to raise Taiwanese companies’ interests and improve bilateral impact.

Q8. **What do India’s “Act East Policy” and Taiwan’s “New Southbound Policy” have in common?**

These two foreign policies are all focusing on the new territories. For example, Act East is targeting on the South Sea, and India is very active to co-work with countries such as Vietnam. The same with Taiwan’s New Southbound Policy. We are also looking for more cooperation with South Sea related countries. Since India and Taiwan share the same markets as overseas targets, we may devise market strategies that complement each other and be successful together.
India is one of the biggest and fastest-growing digital markets in the world. The country is set to cross 900 Mn internet subscribers by 2025. Large-scale digital adoption has been triggered through governmental efforts. Additionally, the government’s push for data localization, Internet of Things, projects such as Smart City and Digital India are expected to further increase the demand for electronic products.

For more than 30 years, Taiwan’s ICT sector has been renowned for its ability to compete with the best in the world. This is particularly true of its semiconductor manufacturing, which pioneered the three-tier method of chip production. This has allowed Taiwan to position itself as one of the world’s leading exporters of chip components and services.

With a 5G revolution on the anvil, the future looks more interesting with Taiwan leading the race to create the super-fast, high-performance and energy-efficient chips. This could possibly be one of the most prominent areas of collaboration between India and Taiwan. Taiwanese companies hold the largest share in the global semiconductor industry and possess great technological advantage.

MARKET OPPORTUNITY

- India’s electronics hardware production capacity reached USD 127 Bn (2018-19), and there is an expected gap of USD 200 Bn between demand and actual production capacity by 2025.¹

- Constitutes 2.3 per cent of India’s GDP and accounts for more than 13 Mn direct and indirect jobs.

- Share in global electronics manufacturing grew from 1.3 per cent in 2012 to 3 per cent in 2018.

- Over 2X growth in domestic production in last four years.

GENERAL TRENDS

- India’s share in global electronics manufacturing has grown from 1.3 per cent in 2012 to 3.0 per cent in 2018.

- The electronics manufacturing sector accounts for 2.5 per cent of India’s GDP, and employs over 13 Mn people through direct and indirect jobs.

- With per capita disposable income and private consumption having doubled in past seven years, India has emerged as one of the largest markets for electronic products in the world.

- With over 2x growth, electronics production output increased from USD 29 Bn in 2014-15 to USD 70 Bn in 2018-19.

- India emerged as the second largest manufacturer of mobile phones in the world in 2018. The production value of mobile devices has gone up from about USD 3 Bn in 2014-15 to USD 30 Bn in 2019-20².

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GROWTH DRIVERS

• India houses one-sixth of the world’s population, of which, 1.2 Bn are mobile subscribers, and 661 Mn are internet users.
• India also ranks in the top 3 global economies in terms of number of digital consumers and is slated to have a digital economy of over USD 1 Tn by 2025.
• Digital transactions have increased 10x in five years.
POLICY SUPPORT AND GOVERNMENT INCENTIVES

Three schemes — namely the Production Linked Incentive (PLI) Scheme, Scheme for Promotion of Manufacturing of Electronics Components and Semiconductors (SPECS), and Modified Electronics Manufacturing Cluster (EMC 2.0) were notified on April 1st, 2020. These schemes will attract new investments in electronics manufacturing, pushing us toward realising a USD 1 Tn digital economy.

- **Production Linked Incentive Scheme** proposes a financial incentive to boost domestic manufacturing and attract large investments in the electronics value chain including mobile phones, electronic components and Assembly, Testing, Marking and Packaging (ATMP) units. Production linked incentives of up to INR 40,951 Cr/USD 5.6 Bn will be awarded over a period of five years.

- **Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS):** Target manufacturing of electronic components and semiconductors through the scheme will help meet domestic demand, increase value addition and promote employment opportunities in this sector. Incentives of up to INR 3,285 Cr/ USD 450 Mn will be awarded under the scheme over a period of eight years.

- **Modified Electronics Manufacturing Clusters Scheme (EMC 2.0):** It seeks to strengthen the infrastructure base for the electronics industry and deepen the electronics value chain in India. Financial incentives of up to INR 3,762 Cr/ USD 515 Mn will be disbursed over a period of eight years.

- The Government of India has recently notified **round-2 of Production Linked Incentives (PLI) scheme for Large Scale Electronics Manufacturing**, specifically for components manufacturing. The second round has been launched with a lower threshold for incremental investment and incremental sales.

- **Electronics Development Fund (EDF)** has been created to provide risk capital for developing new technologies related to electronics, nano-electronics and information technology.

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**Production Linked Incentives for Large Scale Electronics Manufacturing**

**Objective:** To boost domestic manufacturing and attract large investments in the electronics value chain

**Incentive:** 4% to 6% on incremental sales (over base year) of goods manufactured in India for a period of 5 years

**Target Segments:** Mobile Phones and Specified Electronic Components

**Outlay:** Up to INR 40,951 Cr will be awarded over a period of 5 years

At the end of July 31st, 2020 – **sixteen companies have applied** for the PLI – Scheme under MEITY. **Five companies have been selected** of which **four are Taiwanese companies**. These companies include:

- Hon-Hai Precision industries – Foxconn.
- Rising Star Mobile India Private Limited. (Foxconn).
- Pegatron Corporation
- Wistron Infocomm Manufacturing (India) Private Limited

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**Electronics Development Fund (EDF)** has been created to provide risk capital for developing new technologies related to electronics, nano-electronics and information technology.
• **Sovereign Patent Fund (SPF)** has been planned to acquire IP assets important to national economic objective, develop innovation ecosystem and reduce the knowledge gap.

**TAIWANESE COMPANIES IN INDIA**

- HTC
- SP
- Acer
- Delta
- Wistron
- Pegatron
- Foxconn
Rising Stars Mobile, a FIH Mobile Limited company and a member of Foxconn Technology Group, was established in 2015 at Sri City, Andhra Pradesh with the view of catering to the growing mobile phone market in India. With the customer demand growing, RSM expanded its manufacturing facility at Sungavarchatram and Sriperumudur near Chennai in 2017 with additional capacity. RSM today employs over 25000 employees of which about 90% are women.

These facilities, collectively, in a short period of time, have expanded their capabilities to manufacturing of casings, mechanics & components, PCBA and final assembly of mobile devices. RSM has been instrumental in creating a robust electronics manufacturing ecosystem in the region and grown the business multi-fold, thanks to its relentless pursuit in collaborating with multiple stakeholders; customers, the local and central government, industry bodies, suppliers, supply chain, etc. RSM’s facility today has earned the reputation among the industry peers for putting India on the global map of smartphone & feature phones manufacturing hubs. Part of the project plan also includes setting up a R&D Facility in collaboration with IIT Madras.

We have received excellent support from the government and we have been collaboratively working together in our journey of creating an electronics manufacturing hub. Invest India has been a collaborative partner in our journey towards excellence.
The Indian textile industry is one of the largest in the world and has a share of ~five per cent of global exports in textiles and apparel, while the cloth and apparel industry of Taiwan is based on innovation and is highly export oriented accounting for more than 75 per cent of total textile and apparel production.

As India continues to be a world leader in the production of natural fibres, it is steadily gaining ground in the upcoming segments of Man-Made Fibres (MMF) and technical textiles, wherein lies Taiwan’s expertise. With the government announcing the PLI scheme for these upcoming segments, more Taiwanese companies could look at India to manufacture MMF and technical textile products which continues to witness an upsurge in the domestic market in India. India already has the entire textile value chain in manufacturing from fibre-to-apparel which proved critical, especially in the times of COVID-19, enabling India to become the 2nd largest producer of PPE kits globally.

**MARKET OPPORTUNITY**

- Indian domestic textile and apparel market was estimated at USD 100 Bn in 2019-20.³

- The Indian technical textiles market was estimated at USD 20 Bn in 2019-20 and grew at a CAGR of 10 per cent since 2015-16.⁴

**GENERAL TRENDS**

- Changing consumer trends including increasing emphasis on fitness and hygiene.

- Rising brand consciousness pushing for growing presence of international brands and retailers.

- Fast changing fashion trends propelling the emergence of new product categories.

- Extensive usage of technical textiles in various flagship missions, programmes of the country including Jal Jivan Mission, Swachch Bharat Mission and Ayushman Bharat.
KEY CLUSTERS

SPINNING CLUSTERS:
- Ludhiana
- Baddi
- Coimbatore
- Erode
- Guntur

WEAVING CLUSTERS:
- Surat
- Tarapur
- Mumbai
- Amravati
- Ahmedabad

KNITTING CLUSTERS:
- Delhi
- Ludhiana
- Tiruppur

APPAREL MANUFACTURING CLUSTERS:
- Delhi
- Bengaluru
- Mumbai
- Kolkata
- Vapi
- Vishakhapatnam
GROWTH DRIVERS

The textile industry can capitalize on its strengths of extensive raw material base, large manufacturing infrastructure, availability of large workforce, presence in all levels of manufacturing value chain (from fibre to finished goods), to achieve better growth rates than achieved in recent past.

- **Raw material availability:** India is the largest producer of cotton (share of ~27 per cent of the global cotton production), 2nd largest producer of Polyester and Silk, 3rd largest producer of Viscose, 4th largest producer of Acrylic and Nylon in the world. This vast raw material base has adequately supported the development of downstream manufacturing value chain.5

- **Manpower availability:** Textile manufacturing is a labour-intensive industry and is cost competitive in terms of manpower. The wage cost is higher than Bangladesh but lower than China and Vietnam. With 62 per cent of Indian population being in the working age group of 15 to 59 years, India possesses the necessary precondition for this sector to thrive.6

- **Presence of complete manufacturing value chain:** India is one of the few textile manufacturing countries in the world where all levels of textile value chain i.e., from fibre/filament to garment manufacturing are present. In contrast, countries like Bangladesh, Vietnam, Sri Lanka, Myanmar, Ethiopia and Cambodia have disjointed value chains; mostly focused on end-product and dependency on the other countries for fabric and yarn.

- **Large domestic market:** In the last decade, Indian domestic market has performed better than the largest consumption regions like US, EU and Japan. Beyond the increasing income of Indian consumers, the market growth is led by following important drivers:
  - 40 per cent of the Indian population is expected to be in urban areas by 2030, up from 21 per cent in 2011.
  - India is expected to become the world’s fastest growing e-commerce market.
  - Increasing participation of women in workforce.

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POLICY SUPPORT AND GOVERNMENT INCENTIVES

Government has launched various support schemes to make Indian enterprises globally competitive by enhancing key aspects of the manufacturing industry.

• 100 per cent FDI through automatic route in the Indian textiles sector.

• Scheme for Integrated Textile Parks (SITP): To facilitate textile units to meet international and environmental standards by providing support for common infrastructure and buildings within parks.

• Integrated Processing Development Scheme (IPDS): To enable the textile processing sector to meet environmental standards through appropriate technology including marine, riverine and Zero Liquid Discharge (ZLD).

• Integrated Skill Development Scheme for the Textiles and Apparel Sector (ISDS): This scheme aims to provide specific skills as per the requirement of apparel and other segments of textile industry, as well as employee-trained person in related occupations.

• Amended Technology Upgradation Fund Scheme (ATUFS): To enable technology upgradation in textile sector by providing capital investment subsidy across different segments of the textile value chain.

• PowerTex India: To boost the existing infrastructure and encourage the adoption of modernisation in the power loom sector at an even larger scale.

• Scheme for Capacity Building in Textile Sector (Samarth): The aim is to provide a demand-driven, placement-oriented skilling program to incentivise the efforts of the industry in creating jobs with a target to train 10 lakh persons.

• Project SU.RE: Launched by Minister for Textiles Smriti Zubin Irani in August 2019, Project SU.RE stands for Sustainable Revolution, a move towards sustainable fashion. The SU.RE project is a commitment by India’s textile and apparel industry to set a sustainable pathway.

• National Technical Textile Mission: With a view to position the country as a global leader in technical textiles, the Cabinet Committee on Economic Affairs (CCEA) have given the approval to set up this mission with a total outlay of USD 194 Mn in February 2020.

• Remission of Duties and Taxes on Exported Products (RoDTEP): In order to enhance exports to international markets, approval has been given for introducing the RoDTEP which would lead to cost competitiveness of exported products in international markets and better employment opportunities in export-oriented manufacturing industries.

UPCOMING INITIATIVES BY THE GOVERNMENT

• Mega Textile Parks: The Ministry of Textiles has a vision to set up to 8-10 mega textile parks across the country aiming to create the right conditions for higher quality and better productivity. The proposed parks would have state-of-the-art infrastructure manufacturing facilities for ginning, spinning, weaving and processing along with availability of plug and play infrastructure and common facilities.

• New Textile Policy 2020: The Ministry of Textiles is in the process of
formulating a New Textiles Policy 2020 with a vision to develop a competitive textile sector which is modern, sustainable and inclusive. Special focus has been given on manufacture of apparel and garment, technical textiles, Man-made fibre products and exports while maintaining pre-eminent position in handicrafts and handlooms sector.

- **Production Linked Incentive Scheme**: Earlier announced for electronics and pharmaceutical industry, PLI scheme also known as Focus Product Incentive Scheme (FPIS) for textiles is set to attract large investment in the sector to further boost domestic manufacturing, especially in the Man-Made Fibres and technical textiles segment. INR 10683 crore / USD 1 Bn is the approved financial outlay for the textile sector over a five-year period. The scheme will extend an incentive of 3-11 per cent on incremental turnover (over base year) of goods sold in India and exported to global markets, to eligible textile industries for a period of five years.
Taiwan Technical Textiles Association (TTTA) is a non-profit social organization whose members consist of cross field manufacturers, distributors, industry groups, R&D units, and academic experts.

As industry grows the use of Technical Textiles is expected to accelerate creating a larger market for Taiwan Technical Textiles offering great potential for investment. Particularly in India with the accelerated growth of applications for Technical Textiles and with ambient support measures from the Government this sector is going to witness high levels of growth and investment potential. The future of Technology in the technical textiles sector will drive further value addition, innovation, and technological intensiveness as product characteristics. Continuous investment in R&D is the need for driving the growth of technical textiles market.

TTTA is of the emergence of India as the next Asian Superpower and urged that the members of TTTA to grip on to the emerging opportunities. The market in India will be driven by the huge population that is predominantly youth which will drive demand and employment. To deepen the relation with India TTTA has signed 3 MoU with SASMIRA, Indian Technical Textiles Association and CII.

TTTA has inked these MoUs seeing the rising opportunities to work with India in industrial yarns, non-woven textiles, medical and sanitary materials, and composite reinforcement materials. Joint development and investment are the best route for Taiwan Companies to explore the vast Indian Market. Invest India has been a partner for TTTA, and official collaboration started with them in 2019. As part of the diversification TTTA and Invest India jointly hosted a webinar to explore the opportunities in Technical Textiles and Natural Fibers with special emphasis on the North East Indian States.
India is a treasure trove of bamboo: It is the 2nd largest grower of bamboo in the world, and is home to 136 species of bamboo, yet currently only one-tenth of India’s tremendous bamboo potential is utilized and it represents only 4% of the global bamboo market. To boost investment in this space and promote the use and export of bamboo, across 9 states, the Government of India has launched the National Bamboo Mission.

There is growing interest among Taiwanese players, in the special grades of bamboo available in India, whose properties make them appropriate for use not just in furniture, handicrafts, construction material and biofuels, but also in high performance products such as bamboo-fibre reinforced composites and bamboo charcoal (used in beauty products and textiles). Textile products that use bamboo fibres are coveted not just due to their superior softness and absorption capability, effective temperature management and anti-bacterial properties but also because they can command a higher value due to higher compliance with sustainability standards.

While the exact scope of collaboration is under exploration, significant opportunities exist for Taiwanese players (especially technical textiles players) with technological know-how to partner with Indian entities and tap into the growing bamboo economy in India.
Leather and Footwear

India is the 2nd largest producer and consumer of footwear in the world. The leather and footwear industry in India is a high employment generating sector, contributing significantly to the country’s export earnings and economic growth. The footwear industry in India contributes about two per cent to India’s overall GDP along with employing more than four Mn workers. It holds an important place in the Prime Minister’s drive to Make in India and has been chosen as a Champion Sector.

While India is a world leader in leather products, it is steadily gaining ground in the non-leather footwear segment. Presence of major Taiwanese companies such as Apache and Feng Tay in India are further accelerating India’s growth in the leather and footwear sector.

MARKET OPPORTUNITY

• The Indian Footwear Market was valued at ~ USD 9.3 Bn in the year 2019 with non-leather footwear segment comprising of ~ USD 5.3 Bn. Out of the breakup for non-leather footwear, ~ USD 2.4 Bn comprised of branded footwear.

• India, with consumption of 2,506 Mn pairs, is now the 2nd largest consumer of footwear globally, surpassing USA by 200 Mn pairs.

• India’s footwear consumption per person increased from 1.7 in 2016 to 2.0 in 2019.

• The Indian footwear market is now expected to grow at 8 per cent CAGR to be ~ USD 11.8 Bn by 2024-25 & per capita consumption from 2.33 pairs in 2021-22 to 2.94 pairs in 2024-25 i.e. to 3763 million pairs in 2024-25.

• 6th largest exporter of footwear in the world.

• As per the Council for Footwear Leather & Accessories (CFLA), the footwear sector has the potential to grow up to USD 80 Bn or eight times its present size by the year 2030.

• Exports of leather, footwear and leather products touched USD 3.67 Bn during April 2020-February 2021. The different segments of leather, footwear and leather goods exports and their respective share of exports are-
  - Footwear - 45.82%
  - Leather Goods and Accessories - 24.84%
  - Finished Leather - 6.55%
  - Leather Garments - 14.61%
  - Saddlery & Harness - 4.5%

TANNING SECTOR IN INDIA

• India produces 3 Bn sq.ft. of leather annually and accounts for 13 per cent of world leather production of hides/skins.

• India is endowed with 20 per cent of the world’s cattle and buffalo and 11 per cent of the world’s goat and sheep population, making India a strong base for raw material.

• As per the Food and Agriculture Organization (FAO) data for 2015, India is the largest producer of bovine hides contributing ~ 13.28 per cent of global share. It is the 2nd largest producer of goat and kidskins (~ 19.4 per cent global share) and sheep and lamb skins (~ 7.08 per cent global share).

8. Custom Market Research by Wazir Advisors, 1 USD= 75 INR
10. Custom Market Research by Wazir Advisors, 1 USD= 75 INR
11. https://cfla.co.in/industry-insights/
12. Export Import Data Bank, Department of Commerce, Ministry of Commerce and Industry
• 2nd largest exporter of leather garments in the world.
• 5th largest exporter of leather goods in the world.

GENERAL TRENDS

• For every 1,000 pairs produced and sold in India per day, the sector can create 425 jobs spanning manufacturing, allied industries, and retail.

The sector has the capacity to generate 250 jobs for every INR 1 Cr invested.\textsuperscript{15}

Rapid premiumization has been seen in the retail domestic market for footwear, where premium footwear refers to footwear priced above USD 20.

KEY CLUSTERS

DELHI

PUNJAB

• Jalandhar
• Ludhiana

HARYANA

• Karnal
• Sonipat
• Bahadurgarh
• Faridabad

MAHARASHTRA

• Mumbai

WEST BENGAL

• Kolkata

ANDHRA PRADESH

• Nellore
• Chittoor

TAMIL NADU

• Chennai
• Ambur
• Ranipet
• Vellore

\textsuperscript{15} Leather Sector Achievement report
## GROWTH DRIVERS

- **Large millennial population (youth contributes 1/3 to the total Indian population)** with higher focus on branded consumption is driving the consumption of premium footwear.\(^\text{17}\)

- There is a rising demand for athleisure footwear due to changing consumer lifestyle with increased focus on fitness.

- **Organized retail market in India:** The overall retail market, that grew to USD 0.7 Tn in 2019, is expected to cross the USD 1.1 Tn mark by 2025.\(^\text{18}\)

- **Growing domestic market:** 40 per cent of the Indian population is expected to be in urban areas by 2030, up from 21 per cent in 2011.\(^\text{19}\)

- **Availability of manpower:** Young trained workforce with 62 per cent of population in the working age group of 15 to 59 years.\(^\text{20}\)

### EXPORTS FROM INDIA FOR THE PERIOD 2020-2021\(^\text{16}\)

<table>
<thead>
<tr>
<th>Items</th>
<th>Value (USD Mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other footwear with outer soles and uppers of rubber or plastics</td>
<td>~ 178.06</td>
</tr>
<tr>
<td>Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather sports footwear</td>
<td>~ 1319</td>
</tr>
<tr>
<td>Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of textile materials footwear with outer soles of rubber or plastics</td>
<td>~ 151.71</td>
</tr>
<tr>
<td>Parts of footwear (including uppers whether or not attached to soles other than outer soles); removable in-soles, heel cushions and similar articles; gaiters, leggings and similar articles, and parts thereof</td>
<td>~ 213.6</td>
</tr>
<tr>
<td>Articles of apparel and clothing accessories, of leather or of composition leather</td>
<td>~ 583.66</td>
</tr>
<tr>
<td>Leather further prepared after tanning or crusting &quot;incl. parchment-dressed leather&quot;, of bovine &quot;incl. buffalo&quot; or equine animals, without hair on, whether or not split (excluding chamois leather, patent leather and patent laminated leather, and metallised leather).</td>
<td>~ 270.73</td>
</tr>
</tbody>
</table>

\(^{16}\) Export-Import Data Bank, Department of Commerce, Ministry of Commerce and Industry

\(^{17}\) CCI survey on reasons for product purchase in a premium category

\(^{18}\) BCG Analysis

\(^{19}\) https://www.mckinsey.com/~/media/mckinsey/featured%20insights/urbanization/urban%20awakening%20in%20india/mgi_indias_urban_awakening_full_report.ashx

POLICY SUPPORT AND GOVERNMENT INCENTIVES

• Indian Footwear, Leather & Accessories Development Program (IFLADP 2017-20): A special package approved by the central government for employment generation in the sector. The scheme is applicable for the years 2017-18 to 2019-20 and is currently undergoing revision for further extension. The program has various sub-schemes such as those pertaining to the human resource development, job creation, establishment of institutional facilities, establishment of mega clusters, promotion of Indian brands, addressal of environmental concerns, additional employment incentives, measures for simplification of labour laws. DPIIT is in the process of revising the guidelines of the scheme. The new scheme will be applicable for the period 2021-2026 and will cover most of the sub schemes mentioned in the previous scheme along with a new scheme catering to the development of Design Studios. There will be facilitation centres and design labs that will act as a one-stop-shop for design, technology and quality support to entrepreneurs.

• Customs duties raised from 25 per cent to 35 per cent on footwear and from 15 per cent to 20 per cent on parts of footwear to boost domestic manufacturing. (Union Budget 2020)

• Introduction of the new BIS Quality Control standard for leather and footwear sector released in October 2020, regarding the compulsory use of Standard Mark for certain categories of footwear. The guidelines of the order will come into effect from 1st July 2022 for the two orders namely 'Footwear Made from all Rubber and all Polymeric material and its components' and 'Footwear made from Leather and other materials'. The third order namely 'Personal Protective Equipment Footwear' will be implemented from 1st January 2022.

• The Development Council for Footwear and Leather Industry has been established for the formulation and implementation of promotional and developmental measures for the growth of labour-intensive footwear and leather sectors in India. To boost domestic production and encourage exports, the Developmental Council is envisaged to play a very proactive role in preparing a futuristic vision for development, designing and manufacturing of high-quality world-class footwear and leather products in India.

• Increase in Basic Custom Duty of wet blue chrome tanned leather, crust leather, finished leather of all kinds, including splits and sides from nil to 10 per cent (Union Budget 2021).

• Mega Leather Park in Kanpur, Uttar Pradesh announced with an investment of INR 5,850 Cr/USD 807 Mn. This will be India's first leather park, which aims to create 50,000 direct jobs as well as generate indirect employment for 150,000 people.
FUTURE COLLABORATIONS IN THE SECTOR

• Establishment of Design Centers:
  Taiwanese are experts when it comes to technology and R&D. India offers a huge market and invites Taiwanese companies to set-up their design and R&D centres in India.

• Mould making facilities: India is still dependent on countries such as China for mould making. Limited availability of required infrastructure has led to dependence on other countries. This offers a big opportunity for Taiwanese companies to set-up such facilities in India.

• Third part contract manufacturing:
  Taiwanese companies are contract manufacturers for some of the leading footwear brands such as Nike, Adidas, Under Armour, Puma, New Balance etc. India already has two leading Taiwanese footwear giants namely Apache and Feng Tay present in the southern states of India. India offers the right investment climate for companies to set-up their manufacturing units and invites more Taiwanese companies to explore contract manufacturing in India.

• Sourcing from India: India is known for its high quality leather. There is an opportunity for Taiwanese companies to source leather and other materials from India. A leading British footwear giant sources close to 60% from India due to the good quality raw material availability in India.
“Apache Group is a Taiwan based company which have a rich experience of footwear manufacturing spanning over three decades. Apache was established in 1990 and since 1992, we are exclusive supplier to the brand ADIDAS with the vision of being its most reliable partner with agility and innovation. Apache has three production bases, one each in China, India and Vietnam with a monthly capacity of manufacturing 3 Mn pairs.

Apache India was established in 2006 in Andhra Pradesh. So far, we have grown to a monthly capacity of 1.5 Mn pairs with 12,500 employees and continue to grow, setting the future target to double our capacity with 20,000 employees. Apache’s success story stems from localization, equal opportunity in gender and transparency to its people. Apache India’s success in Andhra Pradesh would have not been possible without its employees’ great contribution over 14 years.

The support rendered by the state government of Andhra Pradesh, bringing in a positive change in the infrastructure with a vision to promote industrial development, is bearing fruit.

Apache strongly believes that India is a good destination to invest and with support from the state and central governments, India is the place which will become the next manufacturing hub of the world.”
There is ample global evidence that R&D is a key driver of productivity and economic growth. This stands true for both Taiwan and India, where the former has carved out a reputation as a powerhouse and incubator for everything from biotechnology to alternative energy supply and the latter has become one of the top ten R&D spenders in the world, having more than 100 of the Fortune 500 companies’ R&D facilities in India.

Gross Expenditure on R&D (GERD) in India has been consistently increasing over the years and has nearly tripled from INR 39,438 Cr/USD 5.4 Bn in 2007-08 to INR 1,13,825 Cr/USD 15.6 Bn in 2017-18. While much scope exists for both to collaborate for R&D, steps have been initiated in this direction with Foxconn Industrial Internet Company having decided to set up its research and development centre for advanced industrial artificial intelligence at Hyderabad.

MARKET OPPORTUNITY

- In 2019, India had close to 7000 R&D institutions.
- The Gross Expenditure on R&D was estimated to be INR 1,23,848 Cr/USD 16.9 Bn in 2018-19.
- During 2017-18, Public Sector R&D is led by defense industries followed by fuels and industrial machinery.
- Drugs and Pharma, Transportation, Information Technology, Mechanical Engineering industries dominated the private sector R&D.
- In industrial R&D, Drugs and Pharmaceuticals occupied the first place followed by Transportation, Information Technology, Chemical and Defence industries.
- India accounted for 2.9 per cent share in GERD.

GENERAL TRENDS

- Number of researchers per Mn population in India has increased to 255 in 2017 from 218 in 2015 and 110 in 2000.
- During 2020-21, a total of 58,502 patents were filed in India. Out of which, 32 per cent patents were filed by Indian residents.
- Patent applications filed in India are dominated by disciplines like Mechanical, Chemical, Computer/Electronics and Communication.
- The Department of Science and Technology (DST) and Department of Biotechnology (DBT) were the two major players contributing 63 per cent and 14 per cent respectively of the total extramural R&D support in the country.
- In 2018, nearly 552,000 personnel were employed in the R&D establishments in the country including in-house R&D units of public and private sector industries.
KEY CLUSTERS

NATIONAL CAPITAL REGION (NCR)
- Delhi
- Gurugram
- Noida

MUMBAI

PUNE

HYDERABAD

BENGALURU

CHENNAI

GROWTH DRIVERS

- In 2018, almost 32% of students pick STEM in India which produced 2.7 million units in 2018.33
- Cost of hiring a researcher in India is 1/5th of the cost in the US.34
- Continued rapid growth is expected in IT-enabled service spearheaded by developments in the software industry coupled with major investments in ICT hardware and telecommunications by both Indian and foreign companies.35
- The medical technology sector in India will reach USD 9.6 Bn by the end of 2022.36
- India is fast becoming a hub for R&D; it already boasts of more than 30 automotive R&D centres. The auto and auto component sector spends more

33. UNESCO Institute for Statistics (UIS)
34. https://www.investindia.gov.in/siru/case-foreign-direct-investment-research-development-india
POLICY SUPPORT AND GOVERNMENT INCENTIVES

- A concessional tax rate of 10 per cent (plus applicable surcharge and tax) on income earned from royalty on patents developed and registered in India.

- A deduction of 150 per cent for manufacturing companies on in-house R&D expenditure for calculating tax (till March 2020, after which it will be phased down to 100 per cent). This includes expenditure on scientific research related to the production of articles and products, on the filing of patent applications and on obtaining approvals from regulatory authorities.

- Custom duty exemption to the in-house unit of industries for the consumables and equipment needed for R&D.

- A concession in GST for research institutions.

- The Ministry of Science and Technology has been given USD 841 Mn, while a sum of USD 369.15 Mn has been allocated for the Department of Biotechnology, and USD 700.38 Mn for the Council for Scientific and Industrial Research in the Union Budget of 2019-20.

- To encourage investments in R&D, the Government of India offers various tax incentives such as the corporate tax rate for existing companies has been reduced to 22 per cent plus surcharge under Section 115 BAA.

- India is poised to become the third-largest consumer market by 2030 globally, with consumer spending growing to USD 6 Tn, from USD 1.5 Tn in 2018.38

- Compliant with Trade-Related Aspects of Intellectual Property Rights (TRIPS).39

WAY FORWARD

India is fast becoming a top R&D outsourcing destination with 60 per cent of new MNCs having established global in-house R&D centres. This is likely to accelerate as new MNCs eye India to set up their bases. As per a study by Confederation of Indian Industry (CII) published in 2017, from among the top 100 global R&D spenders, around 83 of them have a presence in India in some shape or form.\(^{40}\)

Companies like Microsoft, Oracle, Motorola, Intel, IBM and GE have set up their R&D or design centres in India. Companies like GE and Bosch have their largest and second largest R&D facilities respectively in India.\(^{41}\)

With a 7-8 per cent growth rate, the semiconductor sub-sector is among the top five industry spenders on R&D with an investment of USD 61 Bn. The sector is characterised by rapid technological changes, which demand high levels of spending on R&D.\(^{42}\)

A growing number of Taiwanese manufacturers are making the leap to smart factories, reflecting the worldwide trend towards industrial automation known as “Industry 4.0.” Taiwan has made the development of smart machinery an integral part of its 5+2 Innovative Industries initiative and continues to work toward bringing Taiwan in line with Industry 4.0 standards.

Taiwan’s ‘5+2 Industrial Innovation Plan’ has selected seven industries and projects to prioritise for state-backed venture capital, including smart machinery, green energy and the foundation of what Taiwan is calling the “Asia Silicon Valley”.

40, 41, 42. https://www.investindia.gov.in/siru/case-foreign-direct-investment-research-development-india
Capital Goods

The scope of the Capital Goods sector is quite vast covering domains of environmental solutions, food and agriculture infrastructure, power generation and distribution, aerospace and defence, building logistics infrastructure, urbanization, basic materials.

The Government of India is making concerted efforts to push this important sector forward and easing regulatory framework for more Taiwanese companies such as the TJR Group to set up their manufacturing facilities in India.

A unique feature that ties the Indian and Taiwanese manufacturing sector is the dominance of SMEs. Micro, Small and Medium Enterprises (MSMEs) sector plays a crucial role in Indian economy; the sector is highly dynamic and vibrant. As per official estimates there are 63 million MSMEs in India producing a range of 8000+ products. The share of MSME sector in India’s Gross Value Added (GVA) is approximately 32 per cent. Similarly, in the case of Taiwan a reported 1.49 Mn SMEs (2020 figures) account for the 97.65 percent of all Taiwan business.

Taiwan’s SMEs have a long history of being integrated with the global supply chain. The Hon. PM’s clarion call on “Aatma Nirbhar Bharat” with the slogan Make in India – Make for the World is a right indication for the Indian SMEs to join the global supply chain ecosystem. What India will look forward from Taiwan is the high level of sophistication in technology and machinery that will benefit the Indian Manufacturing sector. “Taiwan Excellence Program” is a flagship initiative by the MoEA-Taiwan which gained Taiwan - origin industrial goods a global recognition. India welcomes FDI into the SMEs - sectors like electronics, auto-components, textiles, automobiles, bamboo industry, in which Taiwan has largest concentration, are of special interest to India.

Initiatives taken by Government of India under Startup India, promotes a culture of entrepreneurship, programmes like 'Start Up India' and 'Stand Up India' have been launched and have resulted in India having the 3rd largest start up ecosystem in the world. Taiwan’s position as a leader of innovation and India’s proven record as a nation of entrepreneurship can reap benefits on both sides. The India-Taiwan SME Co-operation platform headed by the Small and Medium Enterprise Administration (SMEA), Ministry of Economic Affairs (MOEA) collaborated with the India-Taipei Association deepen our bilateral partnership, and further expand innovative business opportunities for SMEs.

MARKET OPPORTUNITY

- The Capital goods in India has a market size of USD 43.2 Bn (2020) and is expected to reach USD 112 Bn by 2025.
- The sector is expected to generate 5 Mn direct and 25 Mn indirect employment by 2025.
- The capital goods sector is expected to grow 7 per cent (5-year CAGR).
- Increasing industrialization and economic development drives growth in the capital goods market.

43. https://www.ibef.org/industry/msme.aspx
46. https://www.investindia.gov.in/sector/capital-goods
• Growth in the power industry is expected to drive growth in the electrical equipment industry.

• India was the world’s 8th largest consumer of machine tools globally, as of 2017.

• Capacity creation in sectors such as infrastructure, power, mining, oil and gas, refinery, steel, automotive and consumer durables is driving demand in the engineering sector.

• Rising demand for electrical and construction equipment.

• Infrastructure investments are expected to increase to INR 50.2 Tn (USD 778.90 Bn) in FY18-22, which will provide a significant boost to demand for capital goods.

• Nuclear capacity expansion to provide significant business opportunities to the electrical machinery industry.

• Rising competition is driving domestic players to focus on improving their capabilities, become more quality conscious and upgrade their technology base in line with global requirements.

• More than 2,500 firms in the engineering sector have ISO 9000 accreditation.

• Companies are increasingly focusing on R&D and product development.

• To enhance competitiveness in India’s capital goods industry, the Department of Heavy Industry has approved 4 Centres of Excellence in textile machinery, machine tools, welding technology and smart pumps.

TOP SUB-SEGMENTS WITHIN CAPITAL GOODS

• **Heavy Electricals**: Valued at USD 24.2 Bn, this segment churns out basic machinery for all major industries and determines competitiveness in other sectors such as automobiles, heavy electrical and defence.

• **Process Plant Equipment**: Valued at USD 3.7 Bn. Over 200 manufacturers are engaged in the production of process plant machinery. Nearly 65 per cent of the total manufacturers are small and medium enterprises. (2017)

• **Earthmoving Machinery**: Valued at USD 3.3 Bn, currently, 20 large and global manufacturers and 200 small and medium manufacturers operate in the industry. (2017)
KEY CLUSTERS

NATIONAL CAPITAL REGION (NCR)
- Tools and dyes
- Heavy electrical engineering
- Textile machines
- Printing machines
- Packaging machines
- Process plants

LUDHIANA/JALANDHAR
- Textile machines

AHMEDABAD
- Textile machines

SURAT
- Textile machines

PUNE
- Tools and dyes
- Machine tools
- Heavy electrical engineering

BENGALURU
- Machine tools

COIMBATORE
- Tools and dyes
- Textile machines

KOLKATA
- Mining and metallurgical machines

HYDERABAD
- Tools and dyes
- Printing and packaging machines

CHENNAI
- Tools and dyes
- Machine tools

GENERAL TRENDS

- Bigger companies are currently focusing on process improvement and a smaller set of key strategies.
- ABB has set up global R&D centre in Bengaluru and is also aiming at making India a production hub for markets worldwide due to its labour cost advantage.
- Cummins has also opened R&D centre in Pune for providing designing and technical abilities worldwide.
- Many companies are collaborating with institutions for developing skilled manpower for the highly technical engineering sector. In June 2017, Schneider Electric signed an MoU with Kalinga Institute of Technology (KIIT) and CV Raman College of Engineering.
in Odisha for training students to enhance their engineering skills.

POLICY SUPPORT AND GOVERNMENT INCENTIVES

• 100 per cent FDI through automatic route.

• Industrial Licensing: The requirement for industrial licenses and imports licenses has been waived for the capital goods sector in India.

• Foreign Direct Investment: Under automatic route (only information to be given to RBI).

• Import Policy: No import license required.

• Expatriation Policy: The government provides a liberal work visa under its Expatriation Policy.

• Formation of Company: Companies can be established online with easily accessible compliance procedures.

• Corporate taxes are 25 per cent, import duties are at most 10 per cent, general import duty of 7.5 per cent GST is charged at 18 per cent.

• Other subsectors such as railway, infrastructure, construction amongst others expected to grow. The aim is to create 100+ smart cities by 2022.

• National Capital Goods Policy, 2016: Aims to increase industrial production of capital goods sector to over USD 110 Bn by taking steps to promote technology, skills, exports, industrial infrastructure, common facility centers. The policy has been playing a pivotal role for manufacturing to take forward ‘Make in India’.

• Indian Electric Equipment Industry Mission Plan, 2012-2022: The purpose of this mission is to make India the country of choice for production of electrical equipment and reach an output of USD 100 Bn by balancing exports and imports.
“Why did we decide to invest and set up factories in India: Because there have been three economic rises in Asia in the past 70 years, the first was Japan, the second was Asia’s four little dragons (Taiwan, South Korea, Singapore, Hong Kong), and the third is mainland China. But each of these three times has entered a period of recession. I think the fourth economic rise in Asia should be India. And it can be expected that India will begin to rise after the end of the COVID-19 pandemic, will surpass mainland China in manufacturing, and will become the world’s superpower in the future.

Why do we choose Chennai in Tamil Nadu: Because we come from Taiwan, the port of Chennai on the east coast of India is relatively closer. In addition, Chennai is a big city for car manufacturing in India. Our products are usually used for the processing of metal parts by various machineries such as mobile phone, 5G base station, manipulators, automobiles, high-speed railways, aircrafts, vessel, military weapons, medical equipment, textile machinery, etc.

In the next 30 years, India will be a great production base and a large manufacturing country for these manufacturing industries. So, our five companies have combined into a team, chosen to invest in India, and set up factories.”
Chemicals

Chemicals industry in India is highly diversified, covering more than 80,000 commercial products. It is broadly classified into Bulk chemicals, Specialty chemicals, Agrochemicals, Petrochemicals, Polymers and Fertilizers. India’s proximity to the Middle East, the world’s source of petrochemicals feedstock, makes for economies of scale.

India is a strong global dye supplier, accounting for approximately 16 per cent of the world production of dyestuff and dye intermediates. Chemicals industry in India has been de-licensed except for few hazardous chemicals.

MARKET OPPORTUNITY

• The chemicals sector in India stood at USD 178 Bn in 2019 and is targeting to grow to USD 300 Bn by 2025.47
• Demand of chemicals is expected to grow 9 per cent per annum over the next five years.48
• The industry employs two million people.49
• Industry’s contribution to India’s manufacturing GVA is 8.8 per cent and national GVA is 1.4 per cent.50
• Industry contributes three per cent to India’s GDP.51
• India is the sixth largest in the world for chemicals sales.
• Contributes 11.3 per cent of Indian exports.
• Contributes 2.5 per cent of global chemical sales.

TRADE DATA

• India ranks sixth in imports and ninth in exports of global chemicals and chemical products (excluding pharmaceutical products). Its imports increased at a CAGR of 5.4 per cent between FY16 and FY2020 with petrochemical intermediates accounting for a major share of over 30 per cent in total imports. On the other hand, export of chemicals and chemical products grew at a CAGR of 7.2 per cent between FY16 and FY20. Specialty chemicals account for a major share of more than 50 per cent of chemical exports, dominated by agrochemicals, dyes and pigments.52
• The specialty chemicals segment has grown at an impressive rate of approximately 11.7 per cent in terms of value in the last five years.53
• The current per capita consumption of chemical products in India is about one-tenth of the global average and is expected to double by 2025.54
• Expenditure on R&D in the chemical industry in India increased at a CAGR of 7.91 per cent between 2009 and 2019.53
• India is a strong global dye supplier, accounting for approximately 16 per cent of the world production of dyestuff and dye intermediates.55
• India imported over USD 1.4 Bn worth of chemicals (including plastics and rubber) from Taiwan in FY 2019-2020. India exported over USD 289 Mn worth of chemicals (including plastics and rubber) to Taiwan in FY 2019-2020.56
India and Taiwan: Towards a sustainable partnership

**KEY CLUSTERS**

RAJASTHAN
An additional PCPIR has been announced in Barmer

GUJARAT
Some popular clusters include Sanand, Dholera and especially Dahej which is considered to be India’s most successful PCPIR

MAHARASHTRA

ODISHA
Paradip (PCPIR region)

ANDHRA PRADESH
Vishakhapatnam-Kakinada (PCPIR region)

**GENERAL TRENDS**

- India is the 6th largest chemicals market in the world by sales and is also one of the fastest growing chemicals markets in the world. The Indian chemical industry is expected to grow at 9.3 per cent between 2018-2025.57

- The fastest growing subsector is specialty chemicals, which has grown 52 at an impressive rate of approximately 11 per cent in terms of value in the last five years.58

- India is the 4th largest producer of agrochemicals in the world.59

- 3rd largest consumer of polymers in the world.60

- Growing demand for petrochemicals and plastics mean that 19 more crackers will be needed in India by 2040 to meet this demand.61

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Between 2006 and 2019, the compound annual growth rate (CAGR) in TRS for India’s chemical companies was 15 per cent—a figure much higher than the global chemical-industry return, with a CAGR of 8 per cent, and the overall global equity market, with a CAGR of 6 per cent.52

GROWTH DRIVERS

- Rising urbanization, median age and disposable incomes is furthering growing domestic consumption and demand for consumer goods which, in turn, is fuelling demand for chemical inputs.
- Favourable policies and improving infrastructure: Ease of Doing Business, 100 per cent FDI allowed and vastly improving infrastructure are making India an attractive destination for chemical manufacturers.
- Wide availability of skilled labour at competitive costs: Availability of engineers, scientists and other STEM professionals in India surpasses that of most other countries with comparable labour rates.
- Multinationals are looking to India to diversify their sourcing in light of shifting dynamics on the global economy stage.

POLICY SUPPORT AND GOVERNMENT INCENTIVES

- 100 per cent FDI allowed under the automatic route for the chemicals sector, meaning no special clearances required except for a few hazardous chemicals.
- Petroleum, Chemical and Petrochemical Investment Regions (PCPIRs): Dedicated investment regions equipped with necessary infrastructure for establishment of manufacturing facilities for domestic and export-led production of petro-chemicals. The government has set up four PCPIR, in Gujarat, Odisha, Andhra Pradesh and Tamil Nadu


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**India and Taiwan: Towards a sustainable partnership**
respectively, where the government shall provide support for development of petrochemicals units, including external physical infrastructure linkages like rail, road, port, airport, telecom through Viability Gap Funding (VGF).

- **Skill Development in Plastics and Polymers**: Creation of 36 CIPET centres for skilling, technology support and institutes for advanced research in polymers and plastics

- **Setup of Plastics Parks and Centres of Excellence (CoE)**: Six dedicated parks have been approved featuring state-of-the-art infrastructure for manufacturing of plastics; and five CoEs have been established at top Indian educational institutes, to bolster research and innovation in petrochemicals space.

**TAIWANESE COMPANIES IN INDIA**

![China Petrochemical Development Corporation](image)

![Continental Carbon](image)

![Taiwan Fertilizer Co., Ltd.](image)

![Kenda Tyres](image)

![K Laser](image)

![CPC Corporation, Taiwan](image)
Auto & Electric Vehicle (EV)

Presently, the auto industry is a USD 118 Bn industry and accounts for 49 per cent of the country’s manufacturing GDP. The auto components sector is presently valued at USD 49 Bn. India is the 4th largest automotive market in the world and the 5th largest auto producing nation. The Indian automotive industry is a key contributor to the India growth story and has been a success story in terms of growth of the domestic industry and market. The automobile industry is set to grow to ~USD 300 Bn by 2026, and the auto component industry to ~USD 200 Bn by the same time.63

MARKET OPPORTUNITY

• USD 8-10 Bn in local and foreign investment by 202364
• Domestic production increased at 2.36% CAGR between FY16-FY2065
• Vehicle penetration expected to reach 72 vehicles per 1000 people by 202566
• Two wheelers and passenger cars accounted for a combined sale of over 20.1 Mn vehicles in FY2067
• The sector has attracted FDI worth USD 24.53 Bn between April 2000-June 202068
• Auto firms in India save significantly on operations vis-a-vis Europe and Latin America

GROWTH DRIVERS

• 40% Share in global R&D71
• 32 mn Employment generated72
• Largest market & manufacturer of two-wheelers & three-wheelers73

POLICY SUPPORT AND GOVERNMENT INCENTIVES:

• Production Linked Incentive Scheme for Auto & Auto Components: Auto component manufacturers will be incentivized to domestically manufacture key, high technology components currently imported into India

• Production Linked Incentive Scheme for ACC (Advance Chemistry Cell) Battery: To incentivize large domestic and international players in establishing a competitive ACC battery set-up in the country. This will provide further impetus to the goal of being Atmanirbhar in the future of mobility.

GENERAL TRENDS

• 7.1% contribution to nominal GDP69
• 4.3% Share in India’s exports70

64. Society of Indian Automobile Manufacturers
68. https://www.investindia.gov.in/sector/automobile
Covid-19 outbreak.76 on ways to effectively tackle the organizing knowledge-sharing webinars to foreign countries including India by strong position to provide crucial sector. Taiwan further leveraged this efficiency of Taiwan’s superior health hygiene norms and the alertness and people in maintaining distance and commensurate opportunities for challenges but not without As noted above, the novel coronavirus shared by the “Vaccine Maitri” and best seen in the complementarities upon our growing mutual synergies, Thus, there is much merit in building ties with Taiwan in India and vice versa. outbreak. Closer cooperation during the humanitarian and responsive have garnered much praise for their players in their respective regions and Taiwan. Both sides are major economic stronger cooperation between India and

• 100% FDI under Automatic Route
• National Mission on Transformative Mobility and Battery Storage: Recommend and drive the strategies for transformative mobility, localize production across the entire Electric Vehicles value chain, support setting up integrated batteries & cell manufacturing Giga plants in India
• Phased Manufacturing Programme for Cell & Battery: Phased roadmap to implement battery manufacturing with initial focus on large-scale pack assembly plants by 2020 followed by integrated cell manufacturing by 2021

Phased Manufacturing Programme for EV’s: To promote indigenous manufacturing of Electric Vehicle, its assemblies/sub-assemblies and parts/sub-parts/inputs of the sub-assemblies by increasing the basic customs duty on the imports of these components

• National Electric Mobility Mission Plan (NEMMP) 2020: It is a National Mission document providing the vision & roadmap for faster adoption of EVs and their manufacturing in the country.

KEY CLUSTERS

UTTAR PRADESH
RAJASTHAN
GUJARAT
MAHARASHTRA
KARNATAKA
ANDHRA PRADESH
TAMIL NADU

HARYANA
MADHYA PRADESH
The onset of the Covid-19 pandemic last year led to massive disruptions to our lives and livelihoods globally at a scale unseen at least since the end of the 1929 Great Depression. The contagious health crisis was aggravated by the huge economic shutdowns and nationwide lockdowns it accompanied.

As the world slowly moves towards some sense of normalcy with the development and deployment of vaccines to treat Covid-19, we are faced with a 'new normal' in the international order. This global order is one marked by shifting global supply chains, and a general consensus towards strengthening domestic manufacturing capacities to build resilient production systems that can withstand external shocks like this pandemic.

India and Taiwan have an important role to play in this revamped global order. Taiwan's huge success in averting mass infections and mortality of the coronavirus at home along with the widespread popularity of its humanitarian campaign called "Taiwan can help," has earned it numerous accolades far and wide. Under this campaign, Taiwan donated protective gear and equipment to its close allies in Europe, North America and also focused on priority nations under its New Southbound Policy.74

Taiwan's generosity and responsible international action complements well with India's own efforts to help countries combat this health crisis. India's superior pharmaceutical and vaccine manufacturing ecosystems propelled the country's "Vaccine Maitri" initiative, under which India has not only supplied millions of doses of anti-Covid vaccines to developing countries free of cost but was also crucial in supplying essential medical supplies like testing kits, masks, Hydroxychloroquine (HCQ) and Paracetamol tablets to neighbours like Bangladesh, Nepal and Afghanistan as well as to numerous African countries.

Since the beginning of its COVID-19 lockdown in late March, India has distributed around USD 5 Bn in cash benefits to its citizens who need assistance the most, entirely through payments made via digital platforms. Alongside, a major overhauling was witnessed in the textiles sector, which turned a crisis like Covid-19 into an opportunity to make India the 2nd largest manufacturer of PPE suits in the world. The fact we could reorient our production capacities and ensure our technical facilities can be streamlined in less than one month, is indicative of what the centre and state governments can do, to support the growing strength of India's manufacturing prowess.75

The "Taiwan Model" of fighting Covid-19, as it has come to be popularly known these days, has attracted much attention and admiration in India due to several reasons. These include but are not limited to, low infection and mortality rates in Taiwan, the strict social discipline showed by the Taiwanese people in maintaining distance and hygiene norms and the alertness and efficiency of Taiwan's superior health sector. Taiwan further leveraged this strong position to provide crucial medical supplies and medical expertise to foreign countries including India by organizing knowledge-sharing webinars for nearly 14,000 Indian medical staff on ways to effectively tackle the Covid-19 outbreak.76

As noted above, the novel coronavirus pandemic has presented immense challenges but not without commensurate opportunities for stronger cooperation between India and Taiwan. Both sides are major economic players in their respective regions and have garnered much praise for their humanitarian and responsive international initiatives during this outbreak. Closer cooperation during the pandemic has also contributed towards enhancing popular support for better ties with Taiwan in India and vice versa. Thus, there is much merit in building upon our growing mutual synergies, best seen in the complementarities shared by the "Vaccine Maitri" and "Taiwan can help!" campaigns.
Fight Against Covid-19: “Vaccine Maitri” and “Taiwan Can Help!”

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75. https://idsa.in/idsacomments/covid-19-pandemic-rberi-290420
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As noted above, the novel coronavirus pandemic has presented immense challenges but not without commensurate opportunities for India’s Vibrant Social Infrastructure and Why it Matters for Taiwanese Investors

India and Taiwan: Towards a sustainable partnership

India and Taiwan:
Towards a sustainable partnership

India’s Vibrant Social Infrastructure and Why it Matters for Taiwanese Investors
This section explores and examines the role and potential of India's rapidly expanding social infrastructure scenario, which, due to its multiplier effect on the economy, forms a crucial bedrock for deeper bilateral trade and investment relations.

Since the economic liberalization of 1991, India has consistently moved upwards, both in terms of economic and social mobility, as opening up of the economy led to more capital flows and helped in the emergence of a vast middle class. This process was further accelerated by globalization and technological advancements, as a result of which, the Indian economy has grown from strength to strength.

"The number of HNIs has shot up from the size of India to the size of Canada in the last 5 years! From a 100 in 2013 to 827 in 2020"

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<thead>
<tr>
<th>HOUSEHOLD CATEGORIES</th>
<th>WEALTH BRACKETS</th>
<th>CUMULATIVE HOUSEHOLDS</th>
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Source: Hurun India Wealth Report 2020
Hurun Research Institute

In an increasingly interconnected world, the role of social infrastructure in the overall development of a large economy like India, cannot be overstated. India's economic liberalization was complemented by our continually better performance on the social front, a phenomenon that continues to this day. In doing so, we radically improved our access to education, food security, electricity and sanitation at a near universal level while at the same time, making giant strides in other important indicators like life expectancy, female mortality and poverty. With the vastness and diversity at a scale as large as India, these efforts made a huge impact at the global level too- be it bringing out over a billion people out of extreme poverty or eradicating major diseases like polio. Increasing number of International schools and tertiary educational institutions like IITs, IIMs, are renowned for their excellence globally while our hospitals, airports and digital ecosystems are at par with the some of the best there is.

Today, living in an Indian city provides a similar experience of living in other global cities like Singapore, Melbourne or Dubai. This is because India not only boasts of some of the most extensive network and market for multinational companies (MNCs) and institutions such as Amazon, Mercedez-Benz, but also is emerging rapidly as a powerhouse for new technologies like cyber security,

Our ambitious approach towards economic progress with a high priority on improving our social indicators has contributed to placing India as the fastest growing major economy in the world for several consecutive years. At the social level, these economic indicators have significantly bettered the quality of life for Indian residents and expats alike. For instance, Indian cities are now home to numerous restaurants, cafes and dining places serving authentic Taiwanese cuisine for their connoisseurs. Similarly, hundreds of high-end, specialty grocery chains and outlets have also sprung up across India, providing niche international products for every culinary preference. For our Taiwanese friends, it should be of particular interest that today it is as easy to find good quality Hakka Noodles in an Indian city as it is in Taiwan!

The 21st century India is one with some of the highest GDP growth rates in the world, one that is creating physical and social infrastructure at a scale like no other, it is also the one implementing the world’s largest health assurance scheme, and one that is investing heavily into the technologies of the future such as space tech, digital health, digital economy and renewable energy. At a domestic level, the government has aggressively pushed for wide-ranging reforms, both economic and social to boost not just ease of doing business in the country but also ease of living for each Indian. On the back of our economic growth, we have a huge middle class with increasing disposable incomes and a large consumer base to offer. This is also why, India hosts a large number of recreational facilities like malls, adventure parks, while also being one of the most preferred tourist destinations, for domestic and foreign tourists.

Our vibrant nation is now the youngest in the world and our workforce is highly skilled and globally competitive. It is unsurprising then that our diaspora is also the largest in the world. At the same time, the global popularity of Indian soft power through Yoga, Ayurveda, cuisine, and technological prowess, are all a testament to the excellence and strength of New India’s social transformation.

The India story, thus, has just begun and as evident from the examples cited above, offers tremendous scope and returns to global investors and companies which have made India their home including over 160 Taiwanese companies. As of the end of 2018, around 106 Taiwanese companies set up business operations in India, in the fields of information and communication technology, medical devices, automobile components, machinery, steel, electronics, construction, engineering and financial services. The partnership shared between Taiwan and India not only traverses the economic domain but has extended to the field of education and culture fortified by Taiwan setting up 11 Mandarin learning centres in India and aiming to provide more scholarships for Indian students to study in Taiwan. It was in as early as 2004 that Taiwan began offering the National Huayu Enrichment Scholarship and the Taiwan scholarship for Indian students to study Mandarin. According to the Taipei Economic and Cultural Centre (TECC),
as many as 1,532 Indian students went to Taiwan in 2017 to pursue higher education. In 2018, total number of Indian students pursuing their education in Taiwan witnessed a sharp growth in just one year, registering an increase of 56 per cent.\(^\text{77}\)

Not only the business landscape but also the social landscape shared by Taiwan and India is weaved on a fabric of strong family bonds and deep cultural rootedness. Both Taiwanese and Indian cultures are highly family-oriented where much room is given to furthering entrepreneurship. Both India and Taiwan share many common facets including a strong industrial base with a well-developed MSME sector alongside an enduring fondness for culture, films and cuisine.

In 2018, the first ever Taiwan Film Festival was hosted in India in to promote Taiwanese culture, followed by a youth ambassador exchange program to boost ties between both sides. Furthermore, in 2018, Taiwan’s Ministry of Culture and the National Gandhi Museum in India co-organized an exhibition about Mahatma Gandhi’s teachings in Taipei, to commemorate his 150th birth anniversary, further expanding the terrain of this strengthening partnership.

\(^{77}\) http://timesofindia.indiatimes.com/articleshow/71938612
What the Future Holds for India-Taiwan

The positions that India and Taiwan enjoy in the paradigm of global economy, are no less than extraordinary. India and Taiwan have steadily risen to become powerful forces in international commerce, with vibrant business communities that are keen to cultivate closer ties with each other.

Through Taiwan’s New Southbound Policy, it aims to diversify its trading and investment partners (with particular focus on India), while the Indian government’s Act East policy provides a concrete platform for Taiwan to play a more significant role in India’s future economic growth.

Apart from the traditional avenues of cooperation such as the sectors of ESDM, capital goods, textiles, there are several emerging avenues for Taiwan and India to collaborate in the future such as agriculture and fisheries, food processing, BFSI, bamboo and functional textiles, semiconductors, healthcare and medicine, rubber and tyres, renewable energy.

Taiwan has a global commercial presence in several medium- and high-tech product categories. It ranks number one globally in integrated circuit foundries (with nearly a 70 per cent global share) and number two in portable navigation devices (with nearly a 60 per cent global share). It ranks number one in patent activity and number ten in economic innovation in addition to being a world-leading semiconductor supplier and a technology giant that accounts for 90 per cent of the world’s laptops. Taiwan can leverage India’s digital revolution and growing demand for high-tech products to manufacture some goods in India and gain market share for its firms. This could help the Taiwan to jumpstart its 2016 Asian Silicon Valley Development Plan, which aims to promote innovation related to the internet of things and Taiwanese entrepreneurialism.

Another interesting area of collaboration can be creating a startup bridge. Invest India, through its sister organisation Startup India, works closely with government departments and startups across India, on various initiatives to strengthen India’s startup ecosystem. One key focus area has been International Startup Bridges with specific regions. Currently, Invest India has ten international bridges with the UK, Russia, Netherlands, Sweden, Portugal, Finland, Japan and South Korea, among others.

A similar startup bridge is proposed between Invest India and ITRI, through which both sides would conduct joint programs to create meaningful startup-related cooperation between Taiwan and India, including knowledge-exchange activities to help strengthen the startup ecosystems of both sides. The bridge will also allow both sides (startups, investors, incubators, corporates and aspiring entrepreneurs) to share connections, knowledge and resources for market expansion.

While the possibilities are unlimited, some potential forms of collaboration that could emerge from a ITRI-Invest...
India Startup MoU include:

• **Startup Grand Challenge:** A format which would allow any Taiwanese company to host an online contest or make a call for applications on the Startup India website, to find innovative ideas or startups in India that meet their needs in India.

• **Startup Exchange Program:** A knowledge-exchange partnership between Indian incubator/university + Taiwanese incubator/university.

• **An exhibition or expo** of Indian and Taiwanese startups, to build stronger awareness and commercial connects between both sides.

India and Taiwan are celebrating 25 years of their partnership since the establishment of TECC in India. Mutual efforts between New Delhi and Taipei have enabled a range of bilateral agreements covering agriculture, investment, customs, civil aviation, industrial cooperation and many other areas. As trade volumes go up and new engagements are being forged across various domains such as investments and startups, it is also important to deepen and expand our people-to-people connect. Sharing deep rooted commonalities in religion, culture, education and cuisine, both India and Taiwan have a long road in the future and many more heights to scale as we both look to an ever-stronger friendship in the post-Covid global order.
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- Stakeholder Meeting
- Policy Advisory/Representation
- Providing Research Content
- Regulatory Clearance Facilitation
- Site Visits

SOME NOTABLE ACCOLADES

"I congratulate Invest India for winning the 2020 United Nations Investment Promotion Award. The award by United Nations Conference on Trade and Development is a shining testament to the hope and confidence the world reposes in India as a reliable partner."

— Narendra Modi, Prime Minister
Taiwan Plus Desk

Taiwan’s Southbound Policy and India’s Act East Policy are complementary and thus give rise to immense potential of investments between the two sides. Taiwan has been looking to diversify its investments to geographies with high growth potential such as India. With these geo-political developments and ever-rising interest of Taiwan enterprises in the growing Indian middle class, there was a need for a dedicated team who could sharpen focus on Taiwanese enterprises.

With this objective, a dedicated desk, Taiwan Plus was set up to support Taiwanese enterprises’ investment in India by facilitating their investments, operations and expansion plans in India. Invest India and Taiwan External Trade Development Council (TAITRA) have partnered to set up the investment facilitation and promotion team. The Taiwan Plus MoU was signed by Invest India MD and CEO Mr. Deepak Bagla and TAITRA President Mr. Walter Yeh in October 2018.

The team, till date, has addressed 87 business requests across 16 core sectors.

- A dedicated, Taiwan-focused desk created by Invest India to facilitate investments and handhold investors from Taiwan.
- Services provided include end-to-end market entry assessment, location and incentive advisory, policy advocacy, issue resolution and after care.
- **Taiwan Plus desk:** Six members from Invest India and 1 representative from TECC (Taiwan Economic and Cultural Centre).
- 65 Business Requests (most queries from electric vehicles and capital goods).
- Majority of queries about business advisory or policies and procedures.
For the period September 2014 to January 2021

<table>
<thead>
<tr>
<th>TYPES OF BUSINESS</th>
<th>COUNT</th>
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<tr>
<td>Assistance in Grievances or Disputes resolution</td>
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<tr>
<td>Assistance in Licenses &amp; Approvals</td>
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<tr>
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<tr>
<td>Information regarding Policies or Procedures or Schemes</td>
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<tr>
<td>Others</td>
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