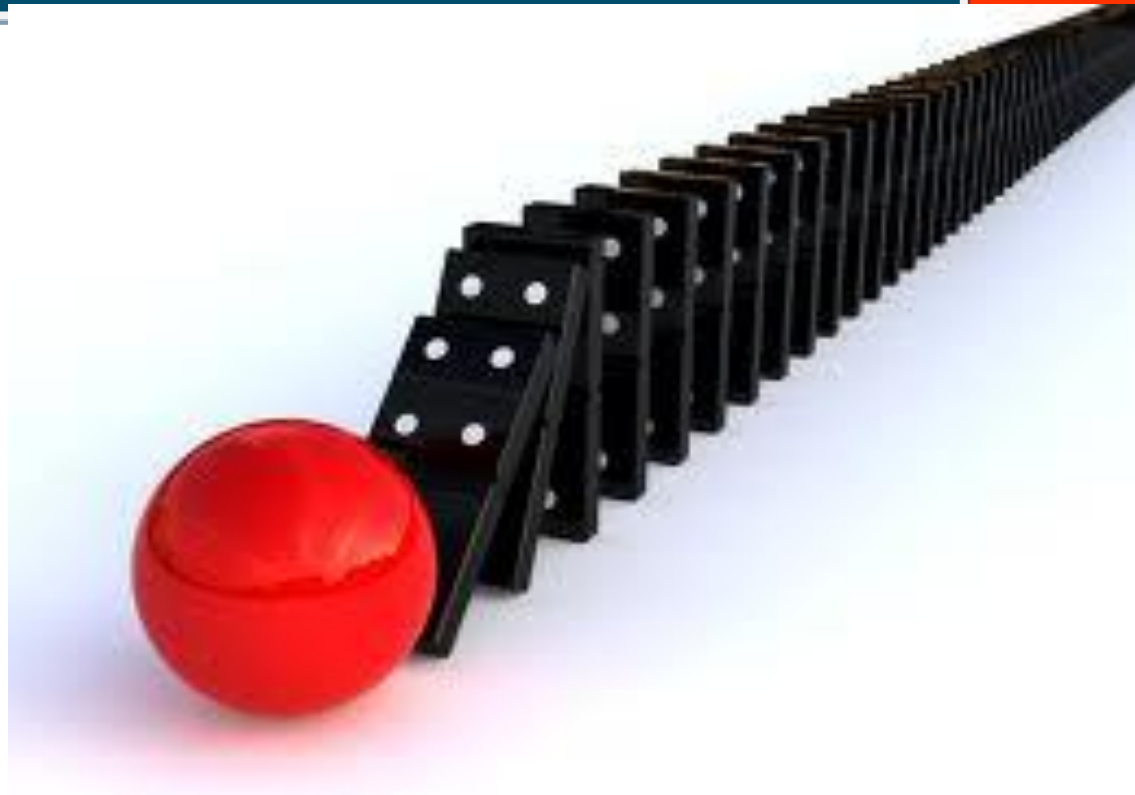


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# MACRAMÉ CONSULTANTS



Macrame Consultants Pvt. Ltd.

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## *Foreign Direct Investment in Defense Sector*

India's trigger of allowing 51% FDI in defense sector is like a scope of coffee, the officials are trying to enlarge the scope of investment area in the sector but there still been a barricade in the wheels of acceptance.

"India can be a game-changer only by allowing at least 51% FDI in the sector. With access to critical technology, the domestic companies will be able to manufacture products indigenously and make India a global defense manufacturing and export hub," said a government source.

Raising foreign direct investment cap will help India become a major manufacturing and export hub, reducing dependency on imported equipment. India imports defense equipment worth over \$8 billion annually. It is one of the largest defense importers in the world with only a minuscule component of exports.

The Department of Industrial Policy and Promotion has circulated a draft Cabinet note to relax foreign investment policy in defense sector. They have proposed up to 100% FDI in case of state-of-the-art technology and 74% (FDI+FII) in case of technology transfer.

But there are dignitaries according to whom 100% FDI in defense sector would be dangerous to the country and open the floodgates to extremist activities, possibilities that foreign firms may supply arms and ammunition, being manufactured for India, to terrorists, which will be dangerous to the security of the country.

The review of FDI policy was taken up after a panel

headed by economic affairs secretary Arvind Mayaram recommended raising the overseas investment limit in defense to 49%. The defense ministry had suggested a higher investment limit only on a case-to-case basis and if the proposal involved the transfer of state-of-the-art technology.

Giving controlling stake to a foreign player will be an incentive for them to bring modern technologies in India. Besides making India as their manufacturing centre, they will also export from here. It would lead to



creation of jobs also.

There is always scope of enhancement and enlargement and we are moving towards achieving what the world's biggest economies have thought of.

India's growing need and vast opportunities is the need of the world. We can grow offering areas of interest to them as they find the capabilities in us.

"Now the country cannot afford to miss the bus".

# **INDIA:** The Land of A **BILLION OPPORTUNITIES**



India has emerged as one of the most attractive destination not only for investment but also for doing business in recent years. One of the fastest growing economies in the world which has not only sustained global downturn of 2008-09, India is slated to grow at consistently higher rates during last few decades .

## Why India is magnet of investment:

- Large and fast growing middle class & graduation of poor to middle class and hence growing domestic consumption
- Indian Government's constantly evolving investor friendly policy
- Lower cost of production due to lower labour rates
- Availability of skilled manpower
- Abundant natural resources
- English as one of the major business languages
- Government's emphasis on infrastructure improvement
- India's location, close to markets of South East Asia, Middle East and also Europe.

India is likely to become one of the largest economies of the world by the year 2025 as per projection made by internationally renowned consultants and IMF. Businesses around the world do not like to miss the growth opportunities offered by the Indian markets and hence some of them are already stepping up their investments and rest eyeing India for investment in coming years.

India has a large sized middle class, which is further expanding substantially, offering a big fat market for foreign products and services. The consistent economic growth in India has been an important factor that has contributed towards the decline in poverty.

There are opportunities in various sectors of the economy, high leaps have been seen in the manufacturing, electronic system design and manufacturing, infrastructure (roads, railways, ports, power, renewable energy, service sector (IT, automobiles, pharmaceuticals, agriculture

India is a country rich in history, culture, religion and diversity. There are 22 officially recognized languages spoken here. People from all religions live harmoniously here who comprise of the Hindus, Muslims, Sikhs, Christians, Buddhists, Jains and many more.

***India delivering a global INVESTMENT platform.***