

Shri Arun Jaitley
Hon'ble Finance Minister of India
Ministry for Finance, Corporate Affairs and Information & Broadcasting
Room No 134
Government of India
North Block
New Delhi
110011

18th January 2017

Dear Minister,

Following our meeting with you in November, the UK India Business Council (UKIBC) and Confederation of British Industry (CBI) consulted our members on the initiatives they would like to see in the Indian budget. The results of this consultation are in the attached submission.

As you know, the UK is the largest G20 investor and job creator in India. There are around 535 UK businesses in India with estimated combined annual revenues of more than \$54bn. UK businesses employ some 700,000 people and have an aggregate annual Indian wage bill of in excess US\$6bn. In total, these companies have invested US\$22.2 billion in the form of equity FDI between April 2000 and March 2015. UK businesses make an important contribution to the Indian economy and society, through job creation, training and CSR activities.

The Indian Budget and India Government policies are therefore gaining increasing importance in the investment decisions of UK companies - not just those already in India, but the many others considering international investments and weighing the options to enter the Indian market.

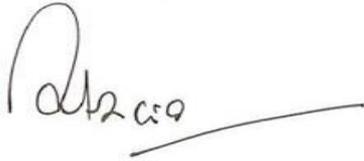
The submission is in three parts: the second annual UKIBC survey on Ease of Doing Business in India; consolidated issues from the respondents, which are grouped thematically in the Summary Responses section; and detailed responses by sector, which are presented in the annexes.

The submissions reflects UK companies positive views on the Indian economy. They welcome the reforms being introduced by the Government of India, and have made clear the areas that would make most difference in improving the ease of doing business. These have been grouped in four themes:

- highlight the opportunities. The majority of respondents want to increase investments in India, but feel that there is a lack of medium-term clarity on areas of major government expenditure;
- make the operating environment more competitive. India is an attractive investment destination in terms of the economic growth and skilled workforce. However, the operating environment remains challenging;
- a smooth and fair implementation of GST. Overall, the benefits of GST are recognised and you and your colleagues are to be congratulated on the successful passage of the Constitutional Amendment. Annex M of this submission identifies several issues associated with the introduction of the GST, including the treatment of sectors such as alcohol, petroleum products, and services (insurance, healthcare); and
- a simpler, fairer and more predictable tax regime that encourages investment in important sectors. A more certain and equitable tax regime will improve the ease of doing business and will attract more FDI and domestic investment in the Indian economy.

We hope you and your team find this submission helpful, and we stand ready to answer any questions and provide further information if required.

Kind regards,



Rt Hon Patricia Hewitt
Chair, UKIBC



Carolyn Fairbairn
Director General, CBI