



Strategic Partnership for Economic and Financial Integration

India: Investments, Opportunities and Synergies

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Agenda

India & UAE: Bilateral Economic Relations

Opportunities: Setting the Stage for Strategic Partnerships

Dropping barriers to Trade & Investment

DIFC's Role

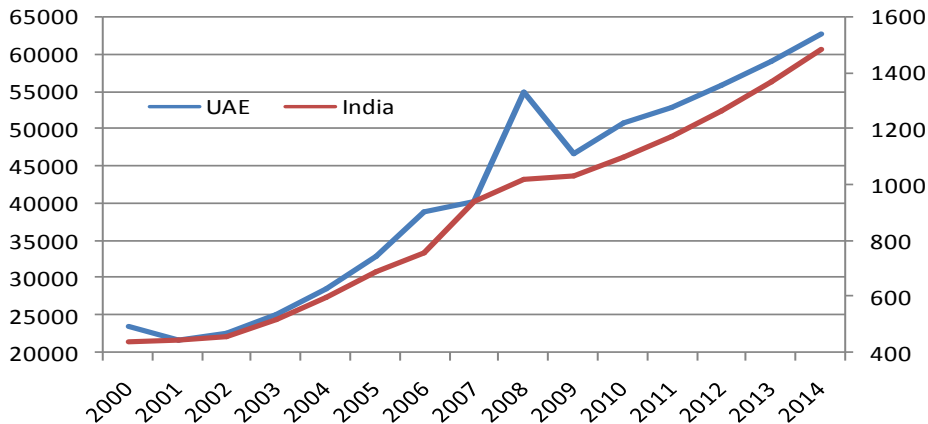


India & UAE: Parallel Development

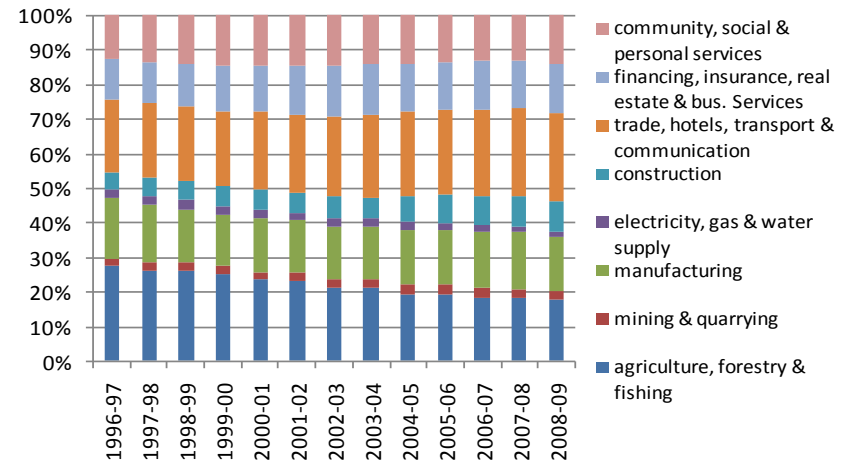
Parallel Development

- Strongly Rising per capita incomes
- Liberalization policies in India led to services sector growth; Diversification in UAE: lower dependence on hydro-carbon sector.
- Growth and inflation decline in 2009; pick-up expected in 2010
- Broad money growth & credit to commercial sector slows; credit to gov't picks up in India
- Financial markets recover after slowing down post-Lehman

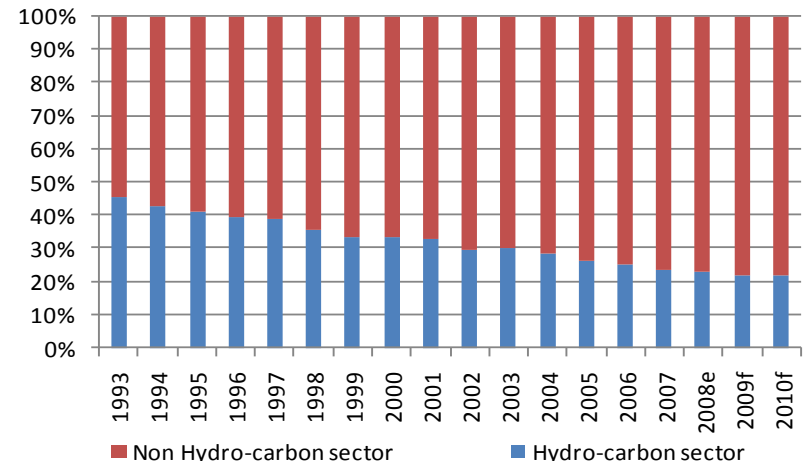
Per capita incomes in UAE and India (USD)



India: Rising share of Services Sector in contribution to GDP

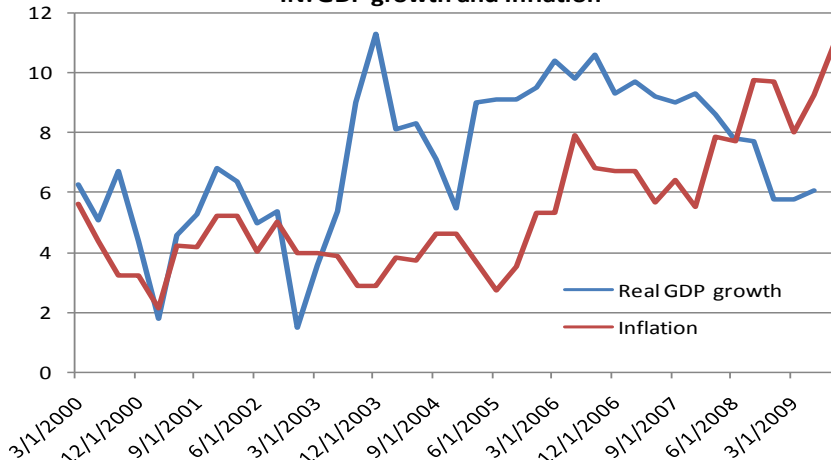


Declining share of hydrocarbon sector in the UAE

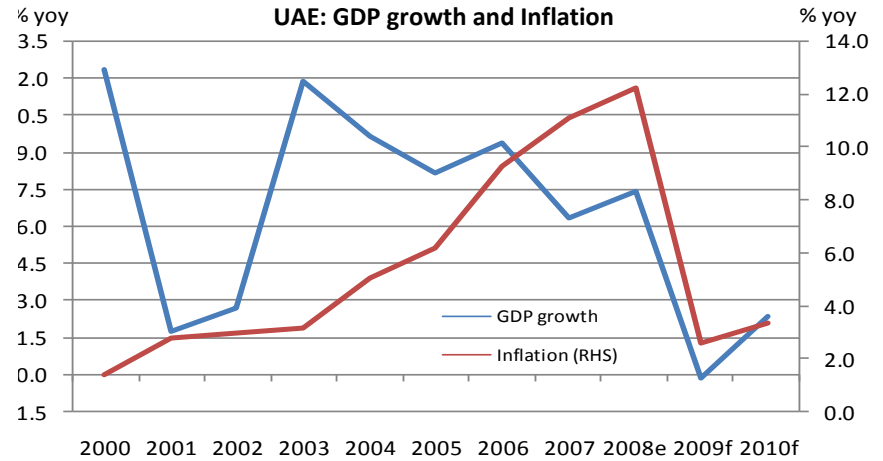


India & UAE: Economic Snapshot

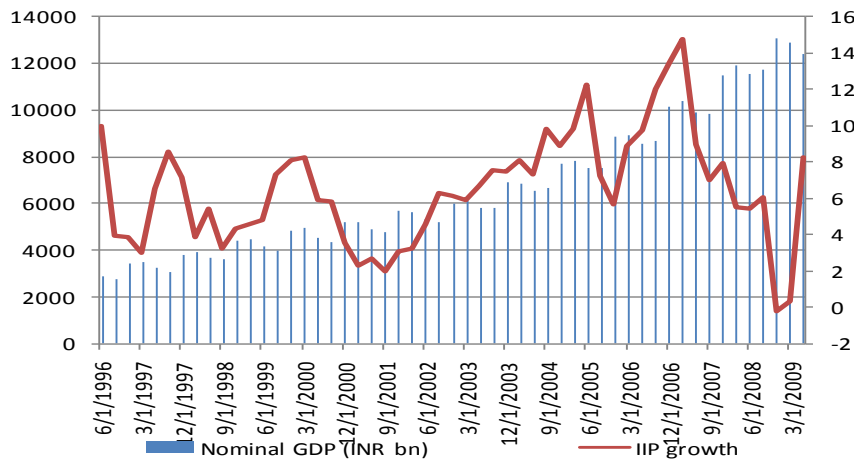
IN: GDP growth and Inflation



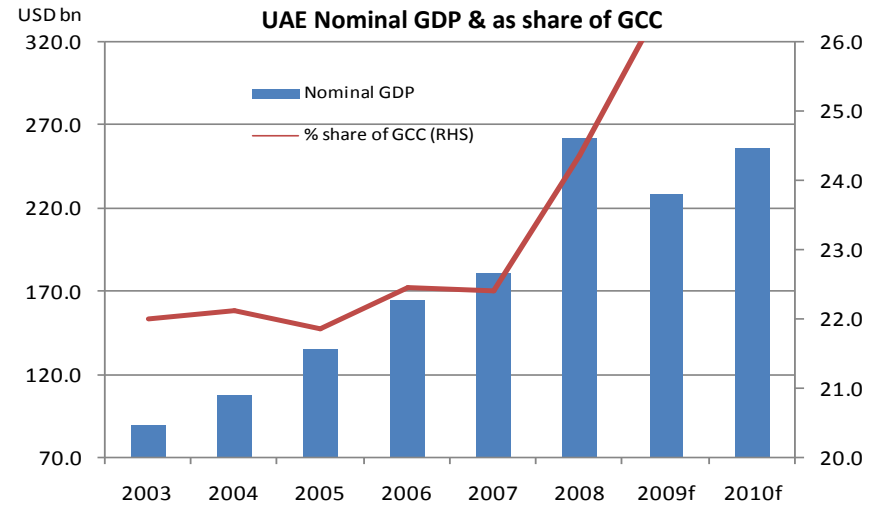
UAE: GDP growth and Inflation



IN: Industrial Production and Nominal GDP growth

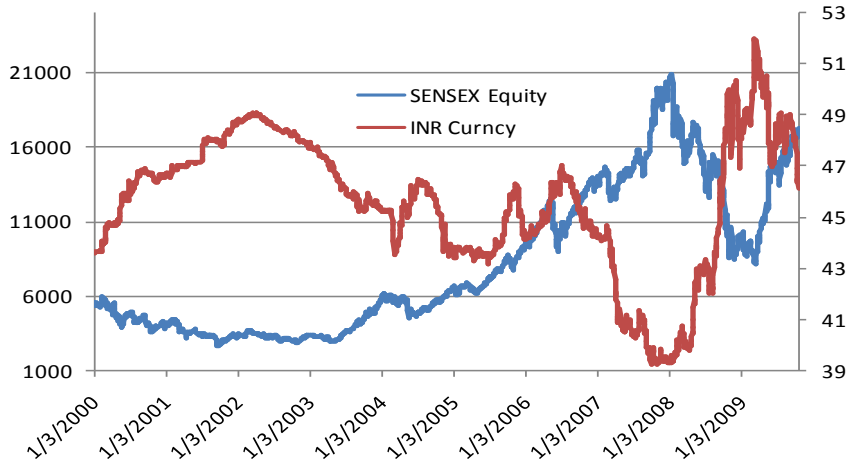


UAE Nominal GDP & as share of GCC

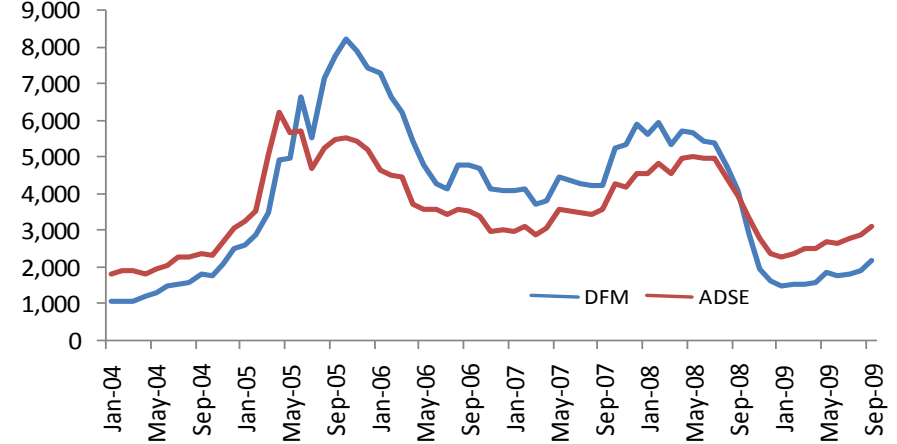


India & UAE: Economic Snapshot II

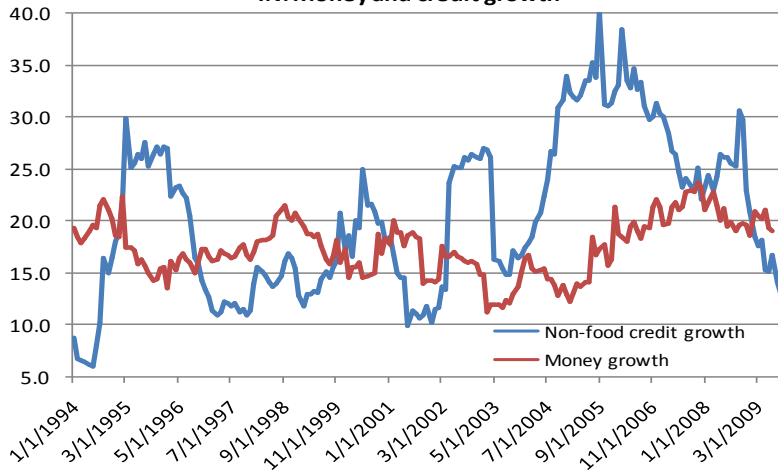
IN: Financial Market vs. Currency Performance



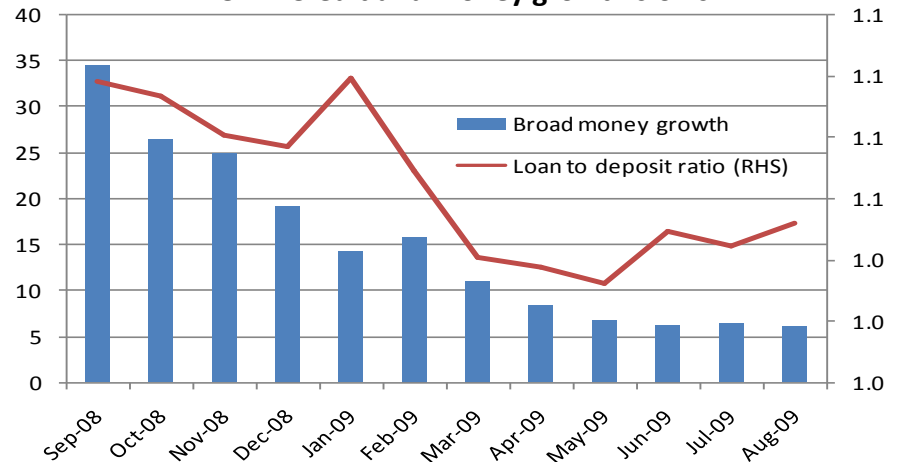
UAE Stock Market performance picks up



IN: Money and credit growth



UAE: Credit and money growth slows

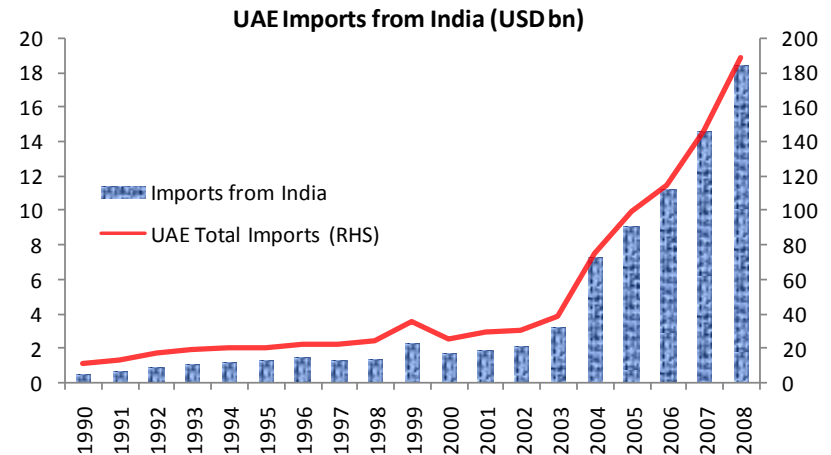
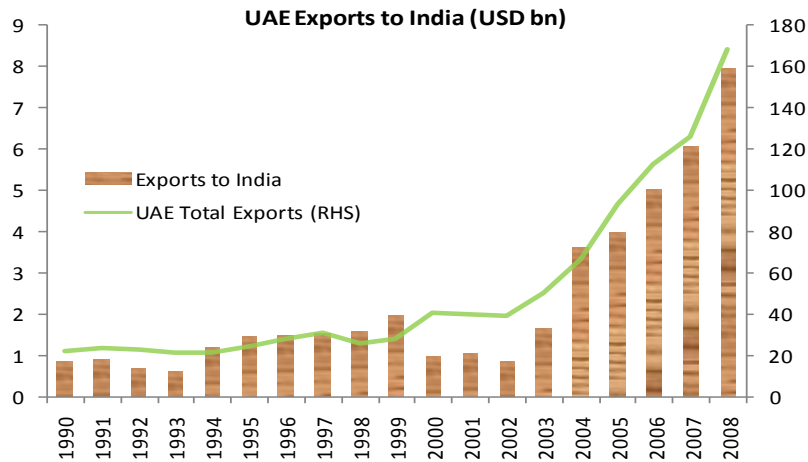


Bilateral Economic Relations

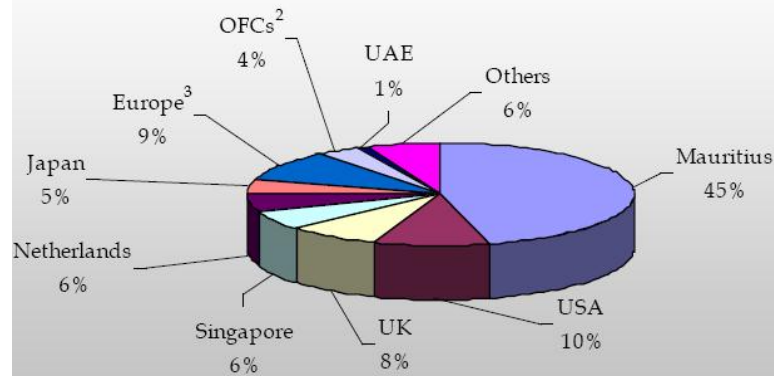
Significant progress in areas of :

- Trade*
- Investment flows*
- Labour flows & Remittances*
- Double Taxation Agreement*

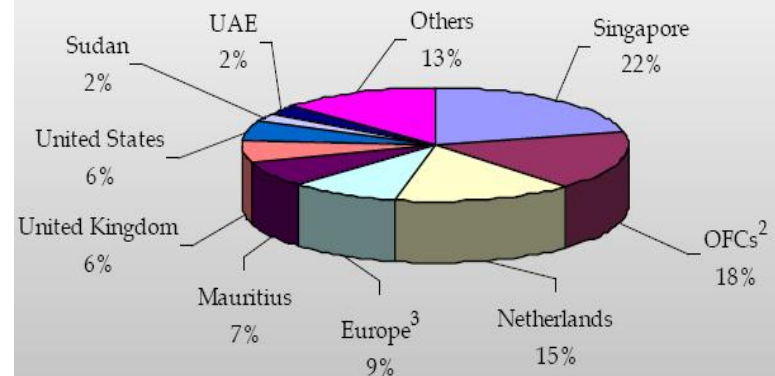
Bilateral Trade and Investment Flows



Share of Total FDI Inflows to India (Per Cent) by Country of Origin 2000-07¹ (Top Ten Source Countries)



Share of Total Outward FDI Approvals by India (Per Cent) 2002-08¹ (Top Ten Destination Countries)

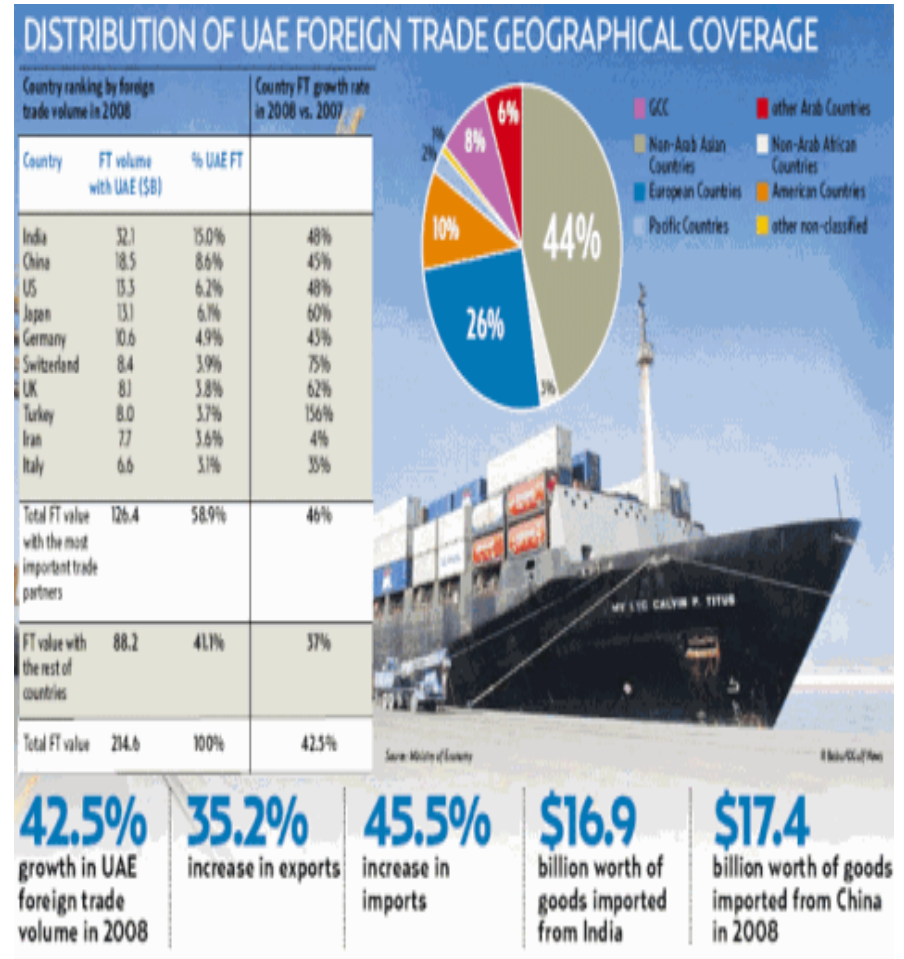


Labour Flows & Remittances: limited impact of crisis

- Large Indian Diaspora - estimated at 1.75 mn (roughly 29% of total UAE population)
- Impact of the crisis: No signs of any exodus or any major cause for alarm
- India was the world's top remittance recipient with \$52.0 bn in 2008, or 3.3% of GDP.
- India-UAE is top migration corridor for high-income non-OECD countries.
- Remittances are slowing, but remain resilient & more stable than capital/equity flows, FDI etc.

Foreign Trade & Double Taxation Avoidance Agreements

- Report released by the UAE Ministry of Foreign Trade (latest: 2008) shows UAE as India's top trade partner: \$32.1 bn & 15% of UAE foreign trade
- Post-financial crisis, trade from EMEs is picking up faster than their developed counterparts
- Emerging Asia is an important trade partner for the UAE/GCC.
- This re-emphasizes benefits of India-GCC FTA
- A Double Taxation Avoidance Agreement was signed by the two countries for mutual benefit.



A black and white photograph of a modern building facade. The building features a prominent horizontal beam with a grid of windows above it. The facade is composed of dark, textured panels. The text "Building Partnerships" is overlaid in white on the left side of the image.

Building Partnerships

The New Economic Geography and its Opportunities

- **Financial crisis will reinforce shift in centre of global economic geography to the East, with mutually reinforcing South-South relationships in trade and finance.**
- **India & UAE** well positioned to take advantage of this opportunity, on condition that they enhance **Physical and Institutional Infrastructure**
- Dubai is leading the way in the establishment of the **Financial Sector Infrastructure** conducive to stronger cross border trade & investment ties.
- ***India-UAE/Dubai/DIFC should develop and implement a strategic partnership to mutually benefit from the New Economic Geography and linkages to Emerging Market Economies***

Identifying Key Areas for Cooperation

- Infrastructure Development: Water, Transport, Power, Logistics
- Technology: Nanotech, Biotech (especially Agri-based)
- Renewable Energy Programmes (Abu Dhabi hosts Irena)
- Human Capital: Training & Development
- Opportunity for Indian companies to tap into regional liquidity
- Indian conglomerates may use regional capital markets to raise funds via primary & secondary listings
- Establish vehicles (e.g. PE funds) in India giving regional investors exposure to Indian market

India: \$500 bn Planned Infrastructure Development

India's infrastructure shortfall

- **Power:** 16% shortfall at peak demand; per capita usage at 10% of global average.
- **Ports:** Major ports operating at 95% capacity, with demand growing at 10%.
- **Roads:** National and state highways are stretched beyond maximum capacities, with average trucks coverage of 200km per day (25% of the global average).
- **Rail:** Both coverage and efficiency is lacking—track length of 35km/1,000 sq km vs. global average of 125, average train speed 25km/hr vs. China's 150km/hr.
- **Airports:** Penetration is low (25% of Brazil's, 20% of China's, 2% of US), efficiency beginning to improve through new metro airports (peak aircraft movements at 35/hr vs. global avg. of 40).

Source: "India CAN Afford Its Massive Infrastructure Needs", Goldman Sachs, Sept 2009.

Concentration of Planned Investments in the Core Infrastructure Sectors (in USD bn)

Sector	2008	2009	2010	2011	2012	Total
Power	18	23	28	36	45	150
Roads	13	13	14	17	19	76
Railways	8	10	12	14	19	63
Water	6	8	9	12	14	49
Ports	3	3	3	4	5	18
Airports	1	1	2	2	2	8
Storage	1	1	1	1	1	5
Gas	1	1	1	1	1	5
Irrigation	7	8	11	13	16	55
Core infrastructure	58	68	81	100	112	429
Telecom	8	10	12	15	20	65
Infrastructure total	66	78	93	115	142	494



The DIFC & Opportunities

DIFC Vision & Mission

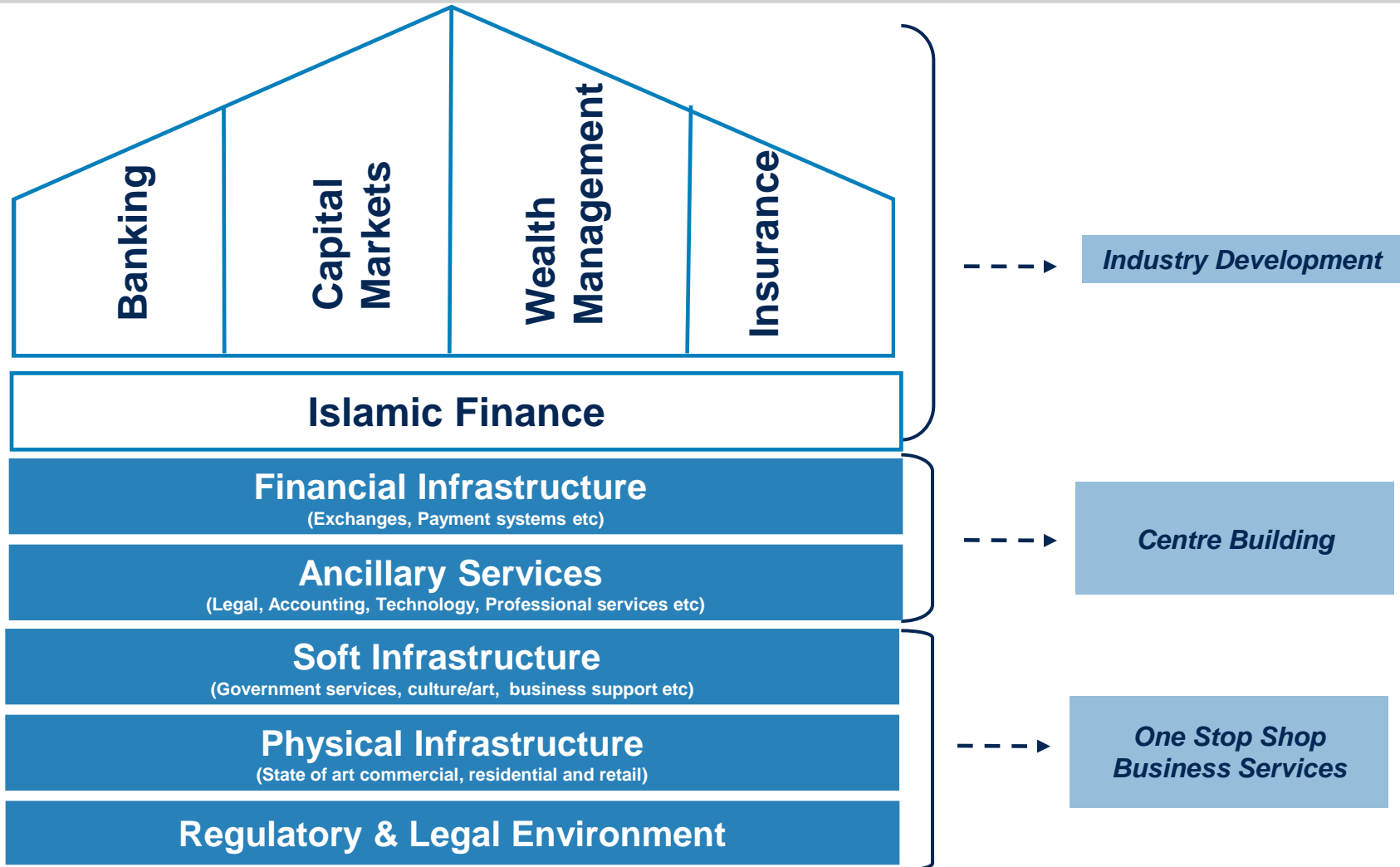
- Five years ago, the entire concept of the DIFC was a dream.
- Today, it is a reality- driven by the vision and commitment of H.H. Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum.
- **The DIFC is the world's fastest growing international financial centre.** It aims to develop the same stature as New York, London and Hong Kong, and primarily serves the vast region between Western Europe and East Asia.
- **DIFC's Strategy** over the past four years has been to:
 - Develop the **legal and regulatory structures** that underpin an international world-class financial centre
 - Attract a **critical mass of global banks and financial institutions** to operate out of the Centre
 - Act as a **catalyst for regional economic growth, development and diversification**



DIFC Legal Infrastructure: a common law jurisdiction

DIFC Law No.	Law/Regulation	Administrative Authority		
		DIFCA	DFSA	DJA
No. 1 of 2004	Regulatory Law		ü	
No. 2 of 2004	Companies Law	ü		
No. 4 of 2004	Law Relating to the Application of DIFC Laws	ü		
No. 5 of 2004	Limited Liability Partnership Law	ü		
No. 6 of 2004	Contract Law	ü		
No. 7 of 2004	Insolvency Law	ü		
No. 10 of 2004	Courts Law			ü
No. 11 of 2004	General Partnership Law	ü		
No. 12 of 2004	Markets Law		ü	
No. 13 of 2004	Law Regulating Islamic Financial Business		ü	
No. 4 of 2005	Employment Law	ü		
No. 5 of 2005	Law of Obligations	ü		
No. 6 of 2005	Implied Terms in Contracts and Unfair Terms Law	ü		
No. 7 of 2005	Law of Damages and Remedies	ü		
No. 8 of 2005	Law of Security	ü		
No. 9 of 2005	Personal Property Law	ü		
No. 10 of 2005	Law on the Application of Civil and Commercial Laws	ü		
No. 11 of 2005	Trust Law		ü	
No. 1 of 2006	Collective Investment Law		ü	
No. 3 of 2006	Companies Law	ü		
No. 4 of 2006	Limited Partnership Law	ü		
No. 5 of 2006	Investment Trust Law		ü	
No. 1 of 2007	Date Protection Law	ü		
No. 4 of 2007	Real Property Law	ü		
No. 5 of 2007	Strata Title Law	ü		
No. 1 of 2008	Arbitration Law	ü		
No. 1 of 2009	Payment System Settlement Finality Law	ü		

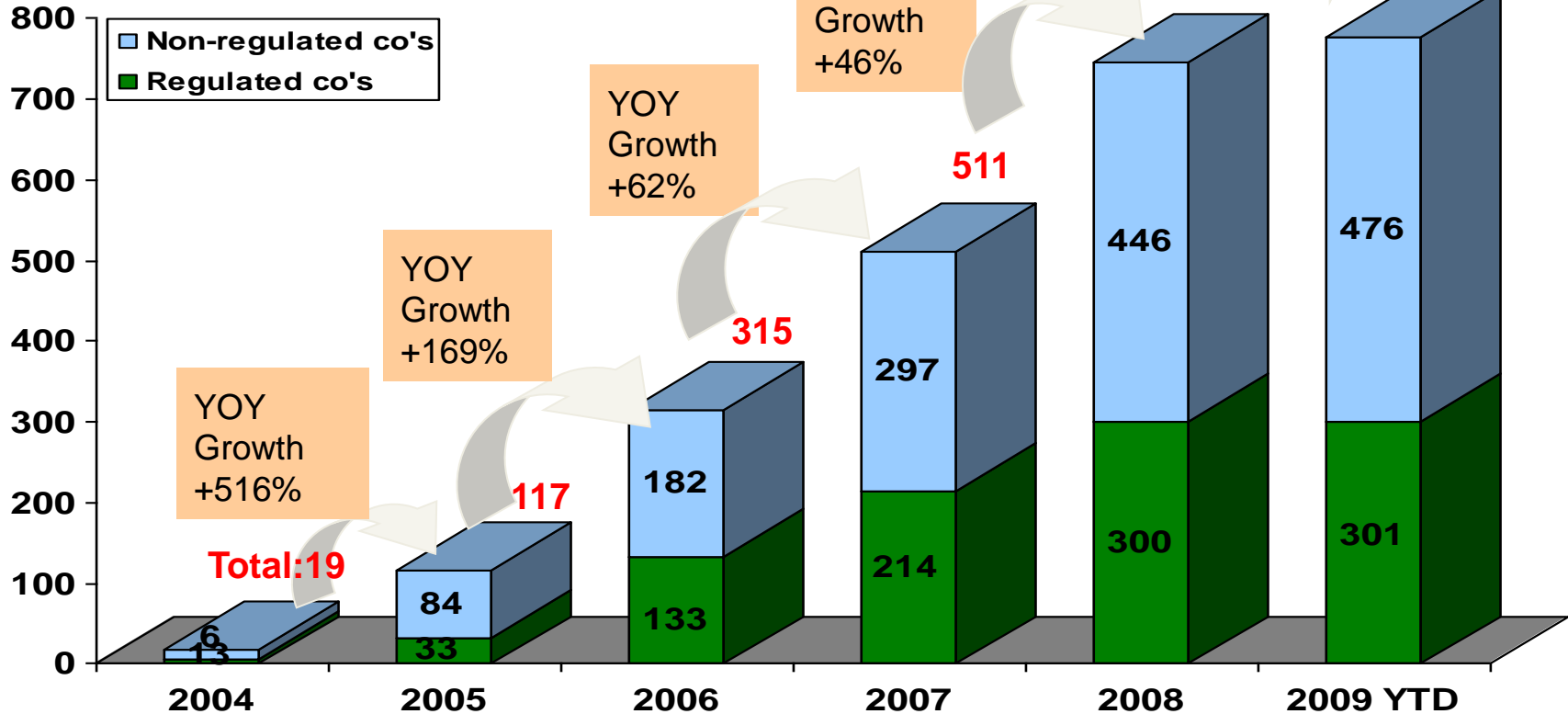
DIFC: Ecosystem



Development of DIFC as a Financial Hub

Annual Growth in Number of DIFC Registered Companies

Cumulative YOY Growth



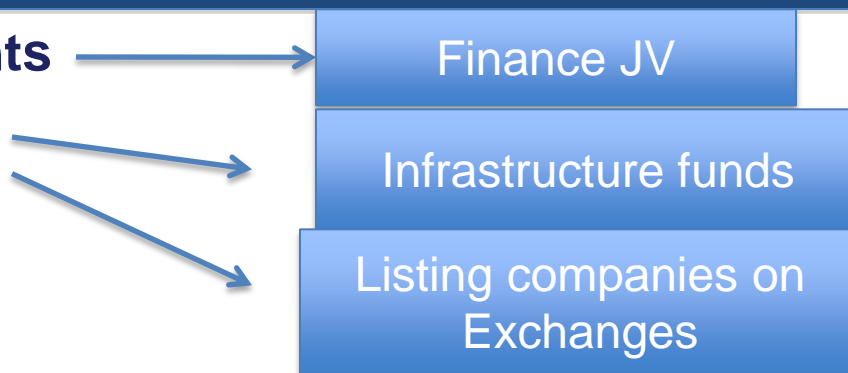
Of the total 777 companies operating out of DIFC currently, there are 301 DFSA regulated (38.7%) and 476 DIFCA -regulated (61.3%) companies.

India – UAE/Dubai-DIFC

- **DIFC can mobilise regional and international liquidity to support India's investment & financing requirements at both sovereign/public and private/corporate levels**
- **DIFC & WB are launching a programme of cooperation to support India's investment needs**
- **DIFC-MIGA MOU to cooperate in promoting investment guarantees for coverage in line with MIGA's guidelines and eligibility requirements to include, among other:**
 - Foreign Investments, including equity, shareholder loans, and shareholder loan guaranties
 - Capital market bond & Sukuk issues and asset securitisations
 - Corporate & Sovereign investors/issuers

DIFC Platform for India Financing

- **Infrastructure requirements can be met (public , PPP & private)**



□ **DIFC is able & willing to arrange and facilitate:**

- Investment & Financing Round Tables, Seminars & Fora
- Listing of dedicated infrastructure funds and investment companies
- PPP
- PE Funds
- Donors Round Table
- Dedicated Infrastructure Funds
- Using existing vehicles (IIFCL) – Creating SPVs



***India-UAE/Dubai/DIFC:
Building Strategic
Partnerships***