ALFRED NOBEL UNIVERSITY
DEPARTMENT OF THE GLOBAL ECONOMICS

Bachelor's Thesis

"The Development and Implementation of The International Investment Project: Courier service business in India"

Student: V.Borodko
Group: IER17-English
Specialty: 292 "International economic relations"

Supervisor: Kuzminov S.V., Doctor of economic sciences

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ALFRED NOBEL UNIVERSITY

DEPARTMENT OF THE GLOBAL ECONOMICS

First (bachelor) level

Specialty 292 International economic relations

Approved by:

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Doctor of Science, professor

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“____” _________________20__ р.

The Bachelor’s Thesis

Assignment

_____________ *Borodko Victoria.* __________

Student’s full name

1. Title __ The Development and Implementation of The International Investment Project: Courier service business in India __

2.Supervisor____ Kuzminov S.V., Doctor of economic sciences

(last name, initials, scientific degree, academic status)

Approved with the Order of «___" _____________ 20___, No. _______________
3. Deadline for submission _01-06-2021__
4. Aim of the paper ____
To analyze the main indicators of investment climate of India and to make project of starting there Courier service business
5. Thesis outline (list of issues to be developed):
1. To characterize India as the subject of international investment activity
2. To analyze Indian international economic relations
3. To make the prospect of investment project in India
6. Date of issue of the assignment 02-02-2021

7. Thesis schedule

no	Stages	The deadline for submission	
		Schedule date	Actual date
1	Chapter 1	01.04.2021	01.04.2021
2	Chapter 2	15.04.2021	15.04.2021
3	Chapter 3	15.05.2021	15.05.2021
4	The whole paper	01.06.2021	01.06.2021

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ABSTRACT

Borodko Victoria. The Development and Implementation of The International Investment Project: Courier service business in India.

This work presents an idea for investing in the courier business in India. To decide whether to invest in an international investment project or no, I will consider various factors that affect the investment climate in India such as social, economic, infrastructural etc. In this work, I will evaluate a potential relationship between gains and potential risks and will decide for or against a project.

There is an international investment in business practice with numerous techniques and criteria by which the investor tries to assess the investment attractiveness of a country or a particular investment project. Much of the research is devoted to assessing the investment climate in India.

The main aim of this thesis is to measure the feasibility, profitability and financial potential of a food delivery service in India. To achieve this, the thesis first identifies the main points which should be considered when investing in a project like the one examined in the paper.

The results of this study will serve as a guide for building a potential food delivery business in India. The assessment of the estimated income and indicators of the economic effectiveness of the investment project in the industry is calculated.

Key words: investment climate, investment project, food delivery service, India, foreign direct investment.

АНОТАЦІЯ

Бородько Вікторія. Розробка та впровадження міжнародного інвестиційного проекту: Кур'єрський бізнес в Індії.

Ця робота представляє ідею інвестування в кур'єрський бізнес в Індії. Щоб вирішити, інвестувати в міжнародний інвестиційний проект чи ні, я розгляну різні фактори, що впливають на інвестиційний клімат в Індії, такі як соціальні, економічні, інфраструктурні тощо. У цій роботі я оціню потенційний зв’язок між прибутком та потенційними ризиками та приймати рішення за чи проти проекту.

Існує міжнародне інвестування в ділову практику з численними методами та критеріями, за допомогою яких інвестор намагається оцінити інвестиційну привабливість країни чи конкретного інвестиційного проекту. Значна частина досліджень присвячена оцінці інвестиційного клімату в Індії.

Головною метою даної дипломної роботи є вимірювання доцільності, прибутковості та фінансового потенціалу служби доставки їжі в Індії. Для досягнення цього дипломна робота спочатку визначає основні моменти, які слід враховувати при інвестуванні в такий проект, як той, що розглядається в роботі.

Результати цього дослідження послужать керівництвом для побудови потенційного бізнесу з доставки їжі в Індії. Розраховано оцінку кошторисного доходу та показників економічної ефективності інвестиційного проекту в галузі.

Ключові слова: інвестиційний клімат, інвестиційний проект, служба доставки їжі, Індія, прямі іноземні інвестиції.

ABBREVIATION & SYMBOL MEANIN

ABBREVIATION & SYMBOL	MEANING
GDP	Gross Domestic Product
GNP	Gross National Product
FDI	Foreign Direct Investment
IMF	International Monetary Fund
CPI	Consumer price inflation
INR	Rupees
VAT	Value Added Tax
BRIC	Brazil, Russia, India, China and South Africa
ILO	International Labor Organization
EoDB	Ease of Doing Business
WTO	World Trade Organisation

Content

INTRODUCTION

Relevance of the topic. Deciding to invest in an international investment project, the investor pays attention to several factors shaping the investment climate of the recipient country, such as political, social, economic, infrastructural, etc. The investor analyzes the ratio of possible profits and potential risks and chooses in favor of a project that has the most favorable conditions for investment. In economic practice, international investment exists numerous techniques and criteria by which the investor tries to assess the investment attractiveness of a country or a specific investment project. A significant amount of research is also devoted to elucidating the investment climate in the country.

However, special interest today cause research on the investment climate in other countries, in particular, most developed economies of the BRICs countries. On the one hand, studying this question can provide useful information for identifying ways to improve the investment climate in our country, and on the other can serve as a basis for decision-making on foreign investment in Ukrainian business.

The purpose of this work is to develop and identify ways of implementing an international investment project of food delivery service in India. To achieve this goal, the following tasks are set:

- provide a general description of the development of the Indian economy;
- to study the structural changes in the country's economy in recent years;
- to study the market of Indian services;
- provide an analysis of Indian export-import activities in recent years;
- identify the main areas of foreign direct investment in India;
- assess the investment attractiveness of the country for foreign investors;
- to study the competitive environment of India in the field of the sales investment project;
- substantiate the international investment project of food delivery service in India;
- assess the investment attractiveness of the project for the investor.

The object of research is the investment climate and the competitor the Indian environment in the delivery services. India's economy is diverse, including traditional rural agriculture, modern agriculture, handicrafts, various modern industries and many types of services. Just over half of the workforce comes from agriculture, but the service industry is the main source of economic growth. It accounts for more than half of India's GDP and accounts for only a third of the workforce. This needs to be taken into account when the investment project to provide open delivery services in India is reasonable. The subject of the study is an international investment project of food delivery service.

The basis of the study is general scientific methods of cognition of economic and socio-psychological phenomena, in particular, methods of expert evaluation, analysis and synthesis. The practical significance of the work is to develop an international investment project providing delivery services, which may be implemented in India.

Statistical data based on data from Internet resources and periodicals. The work consists of an introduction, three sections, conclusions and a list of references.

CHAPTER 1. GENERAL ANALYSIS OF INDIA'S ECONOMY

1.1.General characteristics of the India's economy.

India is the fifth-largest economy by nominal Gross Domestic Product (GDP), taking into account parity purchasing power. The country also displays the highest performance growth among the world's largest economies lately. The main one's drivers of growth in recent years are private consumption and export. India has a young population, which is also an influential part of the economic growth of the country (through private consumption and market supply labour).

A large and steadily growing market, improving production, a mixed monetary sector, adaptable administrative environment and a promising economic opportunity make India an attractive investment target (Monetary, 2018).

The country is currently on its move to shifting an open market economy, but evidence of the country's past political systems prevail, which will be mentioned later. The composition of the economy:

- The biggest share of India's GDP is the services sector (more than 55%). India is a leading exporter of IT services and outsources. India has a large telecoms industry, the second largest in the world when looking at the number of internet users, smartphones and mobile phones.
- In second place in terms of contribution to GDP is agriculture (less than 30%), which employs almost half of the workforce countries, indicating low productivity in the industry. According to FAO, at least 40% of the vegetables and fruits grown simply die on the way to consumers. There is also a serious water shortage problem in India, which has negative consequences for both the agricultural sector and large cities.
- Manufacturing provides 16% of the country's GDP. The most promising is the automotive industry due to significant investment in production, which carried out by world giants Hyundai, Ford, Nissan and Renault. The automotive market is currently

the fourth largest in the world in terms of sales in 2019 displacing Germany and is assumed to replace Japan as the third-largest auto market by 2022 (IBEF, n.d.).

Quick outlook into the past 30 years for the Indian economy shows that financial liberalization, including deregulation of businesses, privatization of state-owned companies and reduced authority over FDI, began in the early 1990s and has helped to stimulate the country's financial development, which has equalized more than 7% placing them on 9th highest position in the world annually since 1997 (Figure 1.1).

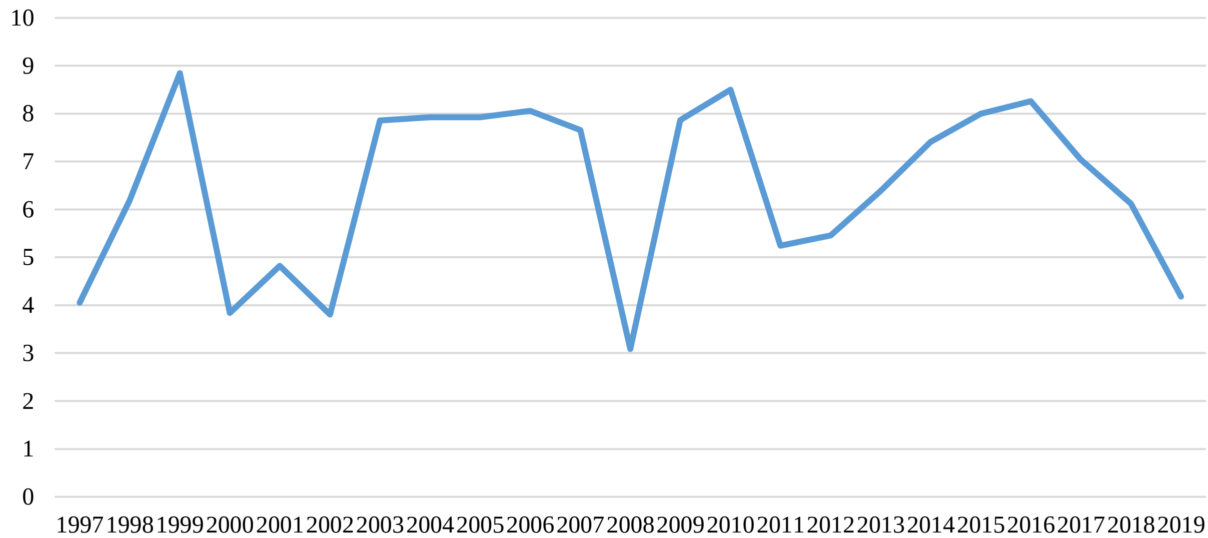

Fig. 1.1. GDP of India between 1997-2019 (annual %)
Source: World Bank

Manufacturing improvement and high food charges, which emerged from state incompetence in the food rationing policy, directed to high inflation, which mounted at about 11% in the first six months of 2010, however then steadily decreased towards single numbers.

India has benefited from developed IT sector and has become the main supplier of data technology services and IT specialists. In 2010, the Indian economy improved from the global economic crisis of 2008 - mainly due to the solid national interest - and extension surpassed 8% during the year in real terms. Commodity exports, which estimate about 15% of GDP, have recovered to pre-crisis levels. The economy slowed again in 2017 from demonetization in 2016 and the initiation of a goods and services charge in 2017. Since the elections, the government passed an important bill on goods and services charge and increased restrictions on FDI in some sectors, economic reforms have focused on administrative and governance changes, in large part because the ruling party remains a minority in the top house of the Indian parliament, which must approve most of the bills (RAY, 2020).

Now country on the path of recovery from strict government policy. Moreover, as predicted by Goldman Sachs, the global investment bank, by 2035 India will be the third-largest economy in the world, after the U.S. and China. It is projected that in the medium-term growth rates India's economy will be quite stable and high due to the constant consumption growth, significant government spending on infrastructure projects, as well as the continuation of structural reforms, which in turn will increase productivity and increase investment, according to Euromonitor International forecasts.

India belongs to the countries that developing. For this group of countries, characteristic is generally higher dynamics of economic growth. GDP India during 2013-2018 grew dynamically, at the level of 6-8%, which we discovered earlier (Polishes in India, n.d.). However, GDP per capita remains low at $ 2099, 6. According to this indicator, India is far behind most countries of the Asia-Pacific region (Figure. 1.2.)

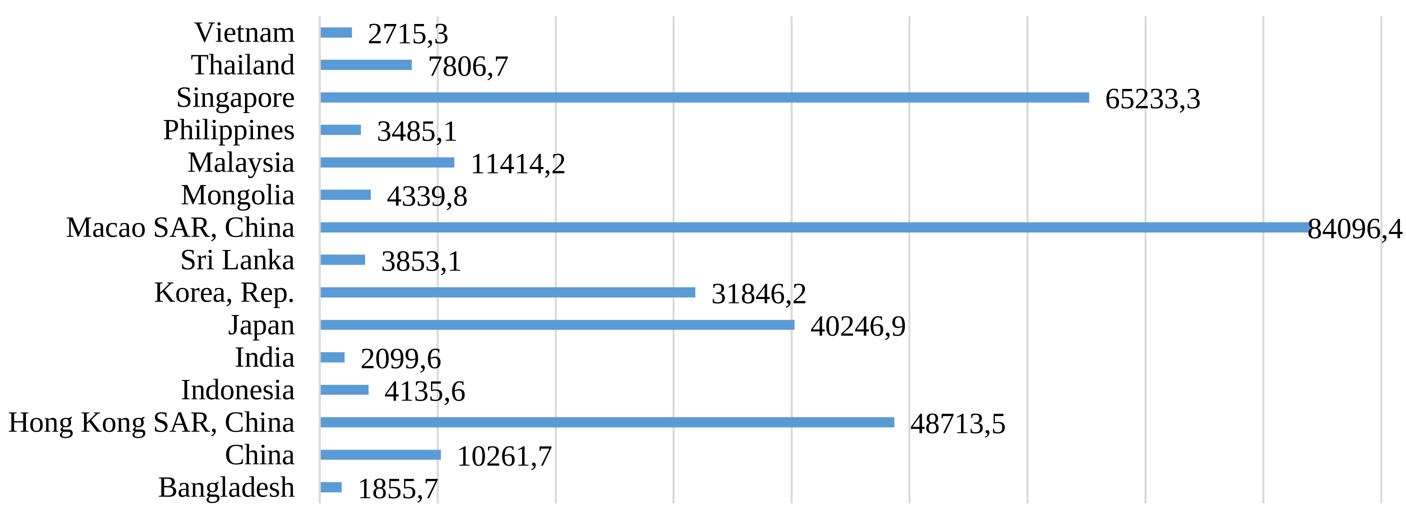

Figure. 1.2. GDP per capita (current US$) among Asia-Pacific region (2019)

Source: East Asia and Pacific Overview - World Bank, n.d.

This result is mainly due the big budget deficit. India has a high budget deficit - in 2020-2021 settled at 9, 5% GDP. The government forecasts its reduction to 6.8% of GDP in 2022 as well about 3, 5% of GDP in the medium term, but it looks like a very ambitious goal (Bloomberg, 2020).

This situation puts extra pressure on the national currency and increases the risk of its devaluation. However, currently, the Indian rupee is a stable currency; volatility does not exceed 10%. During 2018, it was slightly strengthened against the dollar, which was a stimulus for growth imports into the country and still one of the main pushing factors (Table 1.1).

Table 1.1. India / U.S. Foreign Exchange Rate (2018-2020)

	2018	2019	2020
Indian Rupees to One U.S	68,374	70,3777	74,1429

Source: Federal Reserve Economic Data | FRED | St. Louis Fed, n.d.

The outlook for India's economy continues to be good. However, inflation figures suggest that the economy may be growing too rapidly. The inflation rate is currently at 3,75% and is expected to increase over the next two years.

The data shows India's inflation rate as of 2016 to 2021. The inflation rate of 2016 is shown to have been 4,94% that is a 0,93% fall compared to the rate that was in 2015. The year 2017 shows inflation rate had been at 2,49% that is showing a 2,45% decline from the year 2016. India's inflation rate for the year 2018 was at 4.86% that was a 2.37% rise from the inflation rate of the year 2017. India inflation rate for 2019 was a bit worse standing at 7,66% that was a 2,80% increase from the inflation rate of the year 2018.

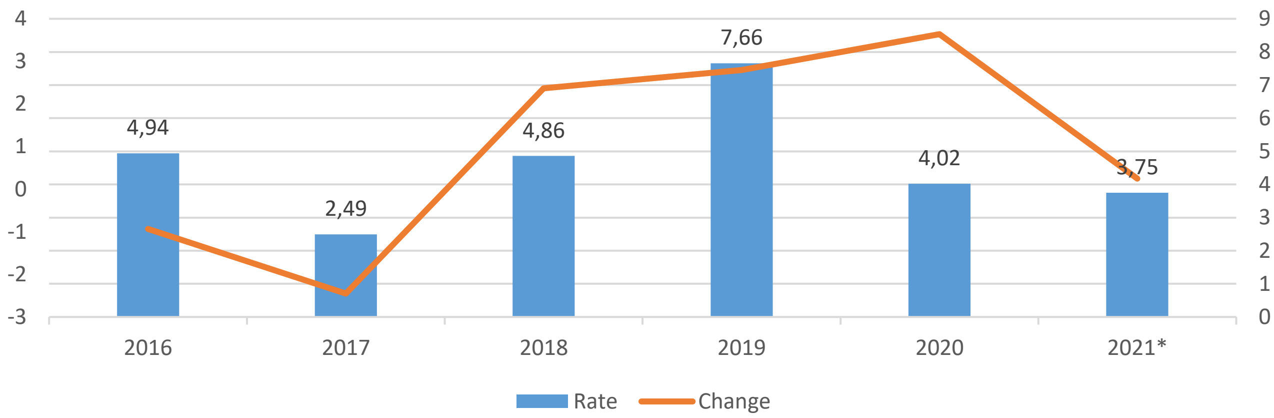

Figure. 1.3. India's inflation rate as at 2016-21

Source: World Bank

Despite the impressive volume and dynamics of economic growth in India significant challenges persist. Most of the complaints are unsatisfactory infrastructure, in particular transport, which is also deteriorating (Mobius, 2021).

Other obstacles include:

- slow growth of both domestic and foreign investments
- low level of labor productivity
- low income
- inefficient system of electricity generation and distribution
- lengthy civil litigation
- corruption and bureaucracy

1.2.Ease of Doing Business in India.

Five years ago, the Government of India pointed out an intention to enter the 50 top countries on the 'Ease of Doing Business' list in 2020. Prime Minister Modi drove government plan for all the areas evaluated by Doing Business, with a set priority on tax charges, selling over borders, and solving poverty making a large leap up. The reformation tests by the Central Government put India's Ease of Doing Business moved up from 130 in 2016 to 63 in the previous year. India also became the top 10 countries on the rank for the third year straight. The Doing Business evaluation presents a real evaluation of industry management and their implementation over 190 countries on fixed criteria concerning a market through its sequence (Blackstone, 2020). The World Bank classifies economies based on Distance to Frontier, a rate that determines the difference of a country to the global best case. Last year, India's DTF rank improved to 71.0 from 67.23 in the past year. India has increased its position in 6 out of 10 points and has shifted up to an international best-case according to Distance to Frontier rate. Notable changes have been recorded in 'Resolving Insolvency', 'Dealing with Construction Permits', 'Registering Property', 'Trading across Boards' and 'Paying Taxes' indicators (India's Growth Champions 2020 ranks nation's fastest ..., n.d.). Change in six aspects was found India developed its rank are as follows:

Table 1.2. Change in India's indicator of DBR (2019-2020)

Indicator	2019	2020	Change
Resolving Insolvency	40,8	62,0	+21,2
Construction Permits	72,1	78,7	+6,6
Trading Across Borders	77,5	82,5	+5,0
Paying Taxes	67,6	65,4	+2,2
Getting Electricity	89,4	89,2	+0,2
Starting a Business	81,0	81,6	+0,6

Source: World Bank

Applicable changes are:

- Tax Deduction and Collection Account Number, Permanent Account Number, Director Identification Number have now been consolidated into one application for company establishment.
- Numeros application and additional appendages for keeping the official name of the Company with the Ministry of Corporate Affairs have been clarified into an uncomplicated web site with only a couple of forms to be filled.
- Registration following Employee State Insurance Corporation and Employee Provident Fund Organisation is open at Shram Suvidha platform as public web platforms with no real touchpoint.
- No obligation of examination before booking following Shops & Establishment Act.
- Companies Act was changed to reduce the necessity of general firm permission.
- India executed certain actions that developed the effectiveness of cross-border sales, minimizing boundary and documentary agreement terms for both sides of an agreement (Mishra, Arunachalam and Patnaik, 2020).

Improved risk-based supervision now permits exporters to seal their vessels electronically at their departments; as few as 5% of loads must experience mechanical examinations. India also funded port devices, extended control and upgraded automatic document movement. By implementing the Single Window Clearance System in Delhi and the Online Building Permit Approval System in Mumbai during the second half of 2017, India also maintained to streamline and organize its development allowing process. Concerning generating electricity, newly-approved directions from the Delhi Electricity Regulatory Commission expect that electrical bonds be achieved in 15 days of the application’s approval. To complete this statute, Tata Power Delhi Distribution used extra employees as well as tracking instruments and key production indicators to control each financial contact. India also continued to streamline and centralize its development permitting process. All these factors and improvements only support predictions of Goldman Sachs, which were mentioned earlier (Lakshman, n.d.).

1.3 India's Labour Force

Labour unit and unemployment it is a difficult subject for the Government of India. According to Figure 1.4. unemployment rate average value for India during the five years was 5.56 % with a minimum of 5.33 % in 2018 and a maximum of 5.57 % in 2012, the previous year rate was 5,4 %.

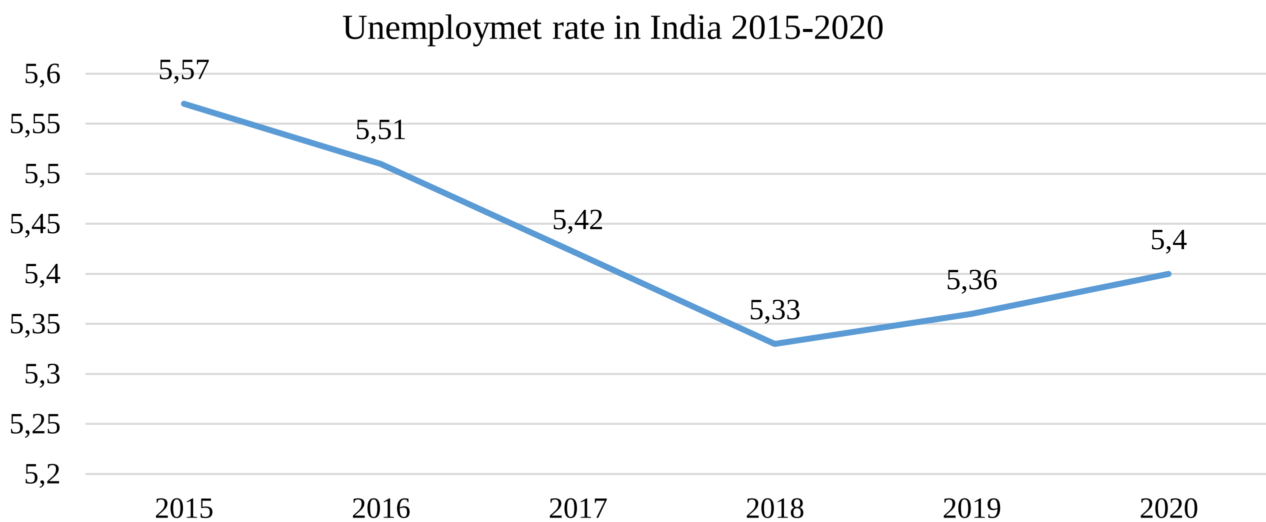

Figure. 1.4. Unemployment rate in India 2015-2020

Source: ILOSTAT 2020

Reasons for Unemployment:

- Poor or sometimes no educational levels and abilities of the working population.
- Incompetent government assistance, judicial obstacles and poor infrastructural, fiscal and market inter-connections to small enterprises or companies, making such companies inefficient and unprofitable with cost and yielding overruns.
- The huge workforce connected with the informal sector and due to a shortage of expected knowledge and abilities, a big part of workers are not participating in this activity, which is not taken into account in any data reports. For example, residential assistants or 3/6 building workers, etc.

- The program formed in academies and colleges, is not ready to face the current demands of the labour market. This is the principal reason for structural unemployment.
- Poor extension of support and low investments in the industrial sector, consequently limiting the work potential of the second division.
- Poor efficiency in the agriculture sector mixed with a shortage of different possibilities for the agricultural worker, which makes the shift from primary to secondary and tertiary divisions hard.
- Conservative cultural standards that prevent women from getting/maintaining employment (Jeffrey, Jeffery and Jeffery, 2008).

Male labour force participation rates are much higher compare to the female rate in India due to social norms of “non-working” woman. In comparison to the other countries included in Figure 2.2. male labour force participation in India at 76,01%; nevertheless, female participation is much lower, with only 20,33% compared to 59,84% in China and 54.05 % in Brazil.

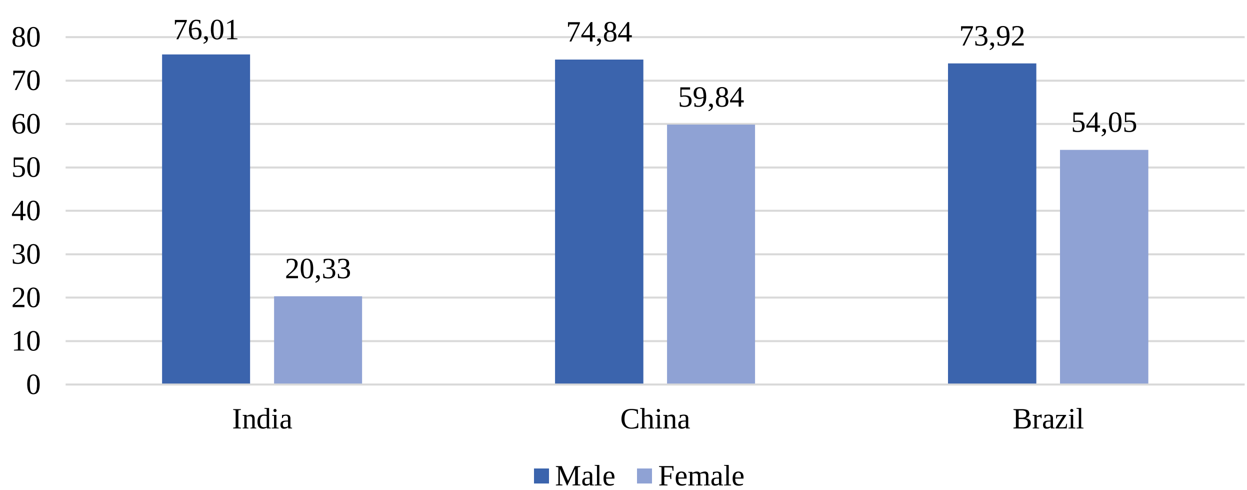

Figure 1.5. Labour force participation rate among deferent genders in India, china and Brazil in 2020-21

Source: India - Statistics & Facts | Statista, n.d.

India’s demography is seen as a potential strength as its working-age population is expected to increase over the next few decades, unlike China, whose working-age population is expected to fall. However, 60% of the increase in the working population is presumed to take place in five poor Indian states, so the economic benefits of India's increased labour force may not be fulfilled, due to low skill labour (Labour Migration Structures and Financing in Asia, 2019).

Shifts in employment situation are connected to the manner of structural change, as sources (capital and workers) are transferred from low to high-productivity areas. Although this has been a signature trait of the growth of other parts of East and Southeast Asia, in India the transformation from agriculture to production has not riched the same degree. In India, a considerable part of the workforce is still reliant on the agricultural area (48,67% employment percentage in 2015-16, which diminished further to 43,33% in 2018-19). The agricultural area still estimates for 41,49% of India's agrarian employment, although this share has dropped significantly, from 49,98 % in 2011.

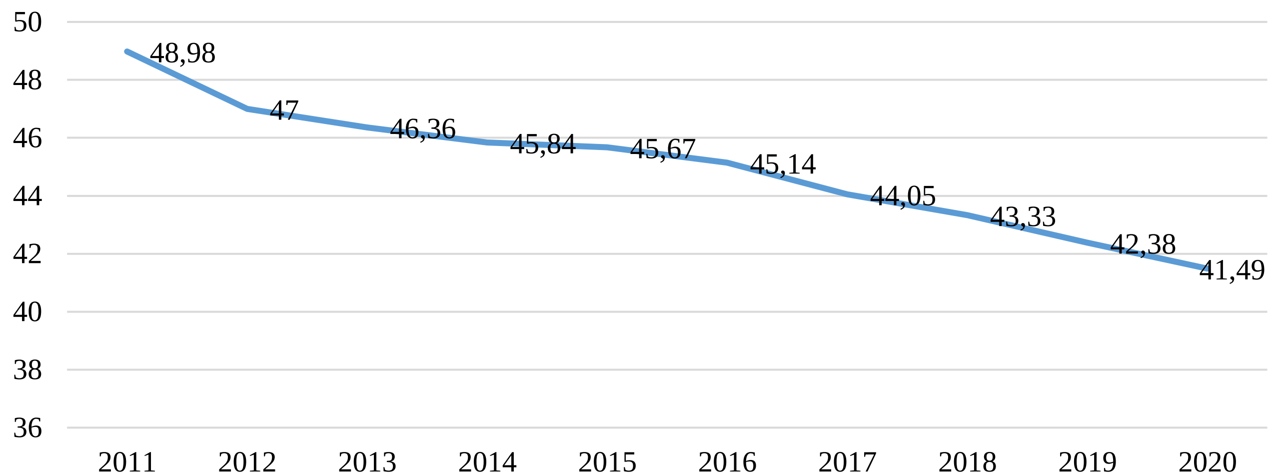

Figure 1.6. Employment in agriculture, % of total employment 2011 – 2020

Source: ILOSTAT 2020

At the same time, the Indian economy is slowly but surely dominated by the services and industry sector, which developed in recent years. In terms of employment, the share of

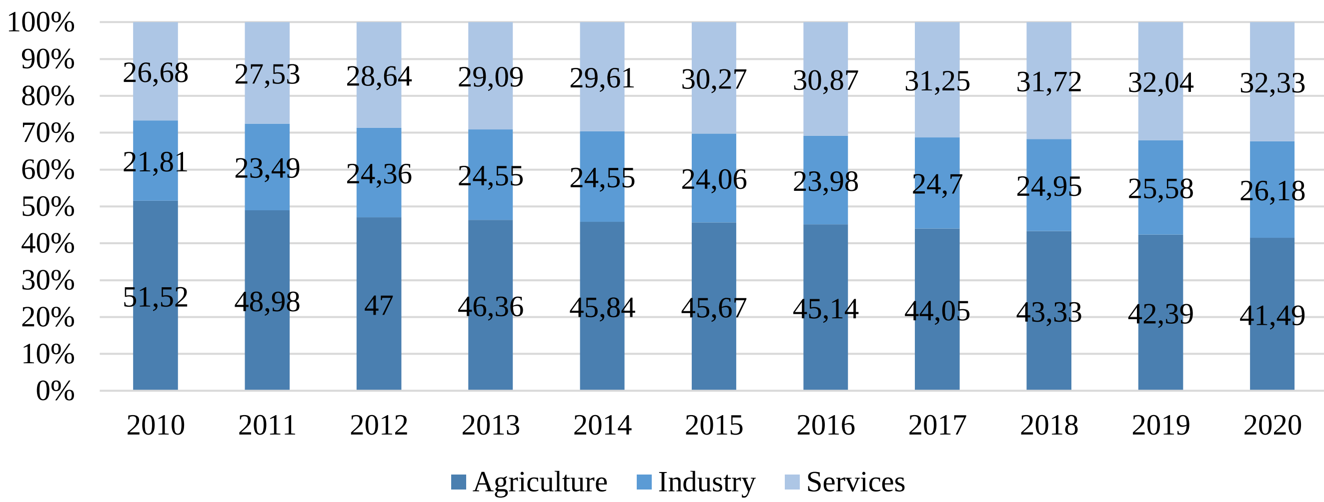

Figure 1.7. Different aspects of structural transformation and sectoral employment shares (%) in India 2010-2020

Source: India - Statistics & Facts | Statista, n.d.

the services sector in urban areas was 26, 68 %(2010-11), compared to 32,33 % last year. The share of industry (which consists of both manufacturing and construction), stood at 21,81% of employment share in 2010-11, as compared to 26,18 % in the previous year.

Even though not all population can be employed government needs to make sure that the wage is descent Minimum wage law is the principal labour legislation for the workers in the unorganized sector due to the particular reason that the big part of workers in India is in unofficial employment. In India, the legal system on wage measurement had been to set minimum wages in discharging employments and to encourage fair wage settlements in the more established industries. Wages in the organised sector are arranged through interventions and agreements between two sides(employer and employees). On the other side of the coin, in the unorganised sector, where labour is exposed to manipulation due to inexperience and does not have valid agreement authority, the interference of the government becomes crucial. Though estimating wages is difficult in a country where the preponderance of workers is self-employed (Social justice and growth, 2020).

According to the practical research, in the last five years, the Indian minimum wage has influenced rising wages, but neither one of the aspects put the end of the wage distribution, slightly just below or perhaps well above the median wage. It acts less like a level to wages than as a goal to which employees can aim. It has an unrecognizable impact on employment in either production or the municipal sector, is linked with higher levels of wages employment in the agricultural sector. Only a few studies exploring this issue advises that the data should be used conditionally. Due to the reason, that rise of this aspect does not have the expected effect government decided to stabilise the numbers. In the last three years, minimum wages in India remained stable at 178 INR/Day in 2021 from 178 INR/Day in 2018 according to Figure 2.4.

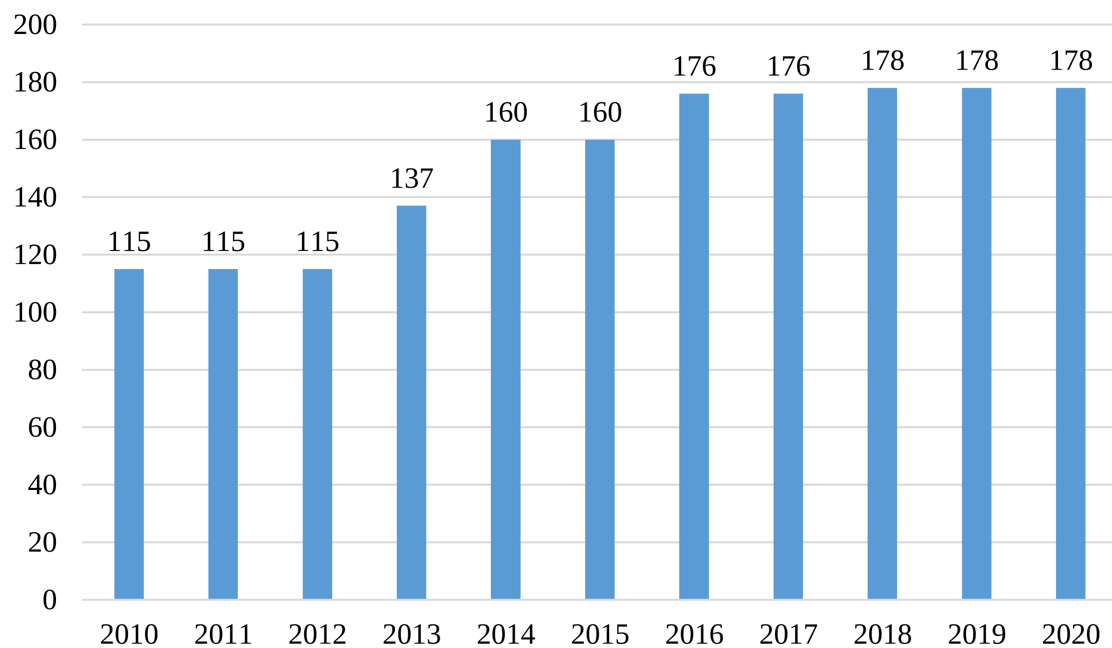

Figure 1.8. Minimum wage in India (INR/Day) 2010-2020

Source: ILOSTAT 2020

The average salary in India in 2020 is about INR 310 per day ($ 4.2). Women still earn on average 34% less than men, and rural workers are somewhere 49% lower than urban workers. Permanent employment in India in urban areas brings in about 450 rupees per day ($ 6), while underemployment in rural areas is 140 rupees per day ($ 2). At the same time, qualified specialists, for example, programmers, can earn 1-2 thousand dollars a month or more in India.

The highest-paid professions in the Indian labour market are commercial pilot, programmer, business analyst, chartered accountant, investment banking analyst. The income tax rate in the country varies from 0 to 30%.

CHAPTER 2. THE PLACE AND ROLE OF THE INDIA IN THE INTERNARIONAL ECONOMIC RELATIONS.

2.1. Assessment of India’s investment climate.

According to the U.S. Chamber of Commerce the main criteria for evaluation of investment attractiveness of countries are:

1. Quality of labour
2. Repatriation of capital
3. Protection of intellectual property
4. Trade policy
5. State regulation
6. Tax rates and benefits
7. Political stability
8. Macroeconomic policy
9. Infrastructure development and support services

In this part, I will describe all of them. India has a constantly growing young population. According to forecasts, by 2030 it will surpass China as the world's most populous country. India will receive significant dividends from this demographic trend because a growing young population is a source of growing consumer demand and workforce, which in turn will support a dynamic economic development. Among the BRICS countries, India has the lowest Human Development Index - the country is in 131st place according to data for 2020 (Russia - 52, Brazil - 84, China - 85, South Africa - 114).

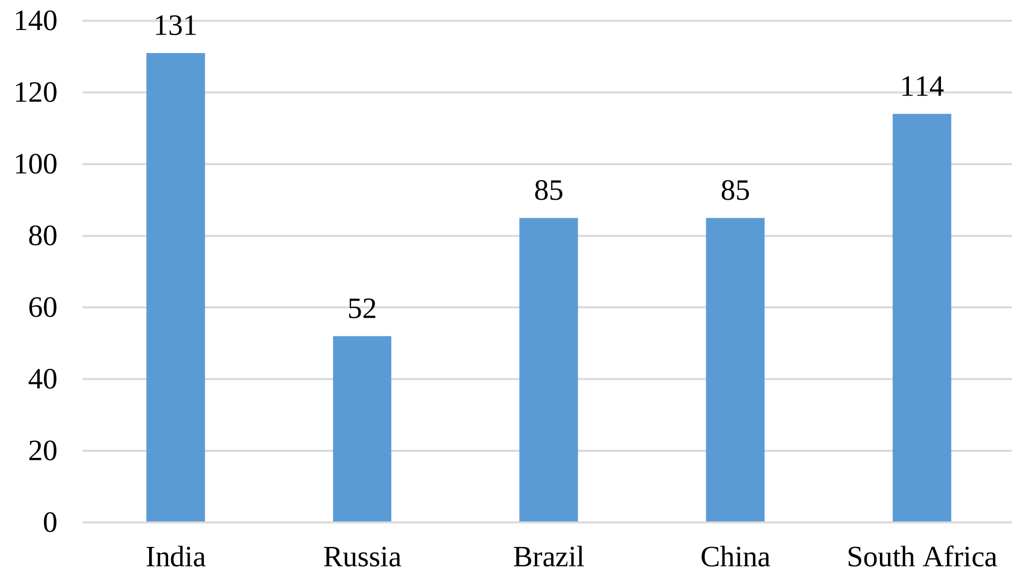

Figure. 2.1. Comparison of HDI among BRICS,2020

Source: Human Development Index (HDI) | Human Development Reports, n.d.

The education system, which is largely a determining factor for future countries, India is characterized by many problems. A brake on the development of inclusive education was and in a sense remains now a caste system of society. The "untouchables" (lower caste in India) were denied access to education for several generations. Their descendants still face limited access to education services, despite the existing system quotas in educational institutions for the lower classes.

In India, more than 70% of the population is educated; aggregate coverage of the population by education (primary, secondary and higher) increases. The country, however, remains a significant gap between women's literacy and education levels of men: only 47.5% of women are literate, among men the share of literate reaches 82%. The situation in the field of higher education is changing for the better, with quality higher education in India is considered to be higher in some honours than for example, in China. The problem remains that universities remain elitist and inaccessible to most of the country's population.

After the low level of education, the Federal Democratic System is the underlying reason that limits the development of India. Federal democracy is a good thing, but from an economic point of view, it can become a serious obstacle to economic growth. In India, there are conflicting ideas about whether the country is striving for social justice or economic equality. Too many different political views lead to the fragmentation of society, and as a result, the country cannot reach a consensus, level of political stability we can see on the Figure 2.2.This is one of the main reasons why India has not been able to achieve all the goals set out in its five-year plans (Kothari, 2019).

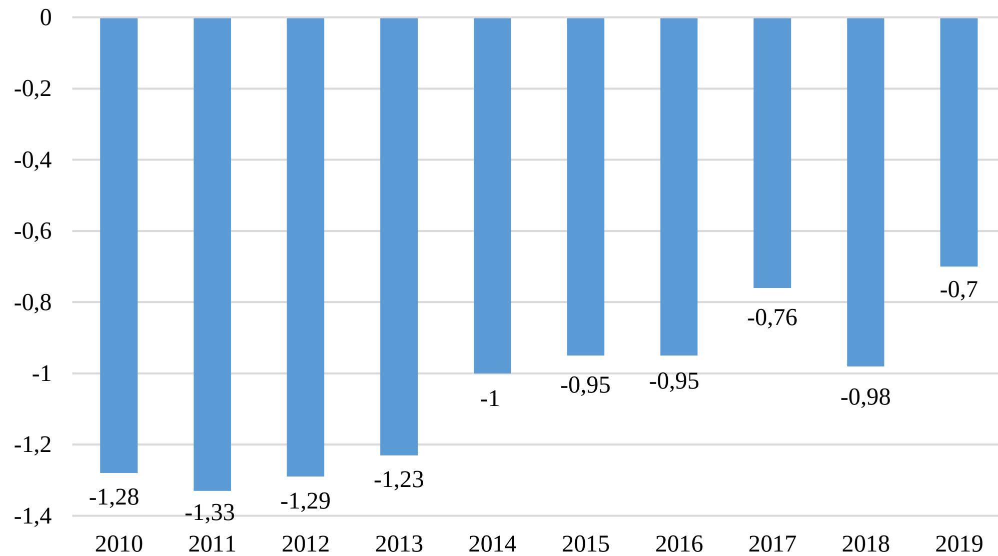

Figure. 2.2. Political stability index in India from 2010 to 2019 year (-2.5 weak; 2.5 strong)

Source: World Bank Open Data | Data, n.d.

The clash of different political ideologies has led to the emergence of a political economy, in which decisions are made to satisfy the interests of the respective banks, while not taking into account the larger national interests. The existence of such a system can be explained by the fact that India chose a mixed economy after gaining independence from Great Britain. In the Indian economy, two opposing organizing principles coexist - capitalism and collectivism. It will always create chaos. Despite all the existing shortcomings, there are also positive aspects: political stability and a stable democratic system.

On the international stage, India remains committed to the principles of non-alignment and non-participation in military alliances. However, it supports constructive relations with almost all countries of the world and strives to development of regional integration. India regularly participates in the summits of the G20, SCO and the Association for Regional Cooperation of South Asia, as well as observer - in the G7 summits. India has been a member of the UN since 1947 and is also a member of the Big Four (India, Brazil, Germany and Japan) consisting of countries that support each other on the issue of expanding the permanent membership of the Security Council UN. After gaining independence from Great Britain, India became the first country to joined the Commonwealth of Nations (1947). The main purpose of India's participation in the Commonwealth lies in the possibility of expanding cooperation with Great Britain. In recent years, the interaction of these countries has been focused on the fight against terrorism and military cooperation. An important part of participating in The Commonwealth of Nations is to guarantee the rights of numerous Indian immigrants to the territory of the UK and beyond - the right to vote, visa and diplomatic support at British embassies and consulates at provided that there is no Indian diplomatic mission in a particular country (Walsh, Park and Yu, 2018).

The UK budget also provides training grants for students from India. India participated in the creation of the international organization "General Agreement on Tariffs and Trade ”(GATT) in 1947. Since 1995 country is a member of the WTO (the successor to the GATT), where it enjoys considerable influence. Disagreements between India and the developed WTO member states are primarily associated with agricultural export issues and access to the Indian market non-agricultural goods from developed countries. Cooperation within the framework of the BRICS association (Brazil, Russia, India, China, South Africa) has become one of the new phenomena of international life in the 21st century (The BRICS report, 2016).

Along with BRICS, India also participates in other associations with the grouping countries:

- Trilateral Interaction of India with Russia and China (“RIC”);
- IBSA Forum (India, Brazil, South Africa);

- BASIC (Brazil, India, South Africa, China) - negotiations within the framework of unification in mainly devoted to the global problem of climate change.

India is a World Trade Organisation member, which was mentioned earlier. Countries of WTO must add some Intellectual Property assurance in their state regulations. This indicates that if a company or a person wants to start a business in India, they will notice some connection within domestic IP regulation and implementation schemes and those in authority in other WTO members. Conventions and mutual concessions India is a signatory to take part in global IP protocols:

- the Paris Convention – following this, any company or a person from a country-participant can appeal for a license or trademark in any other country and will be given the corresponding obligation advantages and status as a state of that nation would be;
- the Berne Convention – following this, each state acknowledges the copyright of authors from other member nations in an equal system as the copyright of its inhabitants;
- the Madrid Protocol – under this, a person can register a unique trademark statement at their national office that will guard various nations;
- the Patent Cooperation Treaty – this is a basic system for receiving a ‘package’ of federal patent statements in different domains through a single statement.

Since 2016, copyright policy was submitted to India’s Ministry of Commerce and Industry. All IPRs are presently managed by the Department for Industrial Property and Promotion (DIPP). Web forgery of movies, music, games and software is a problem in India, as is the illegal copying of real books (India - Protecting Intellectual Property | Privacy Shield, n.d.).

An important feature of copyright law in India is that copyright registration is not required to ensure copyright protection. The copyright registration only ensures the applicability of the proof rule. In other words, the registration of copyright can be used as evidence, contributing to the proof of the existence of these rights in the settlement of a dispute.

However, the lack of registration does not necessarily mean the absence of copyright. Copyright protection is granted to all original literary, artistic, musical or dramatic, cinematic and sound works, whether or not they are registered.

Since India is considered a “developing country” under the Berne Convention, some exceptions to compulsory licensing in education and research apply to it.

Recognizing the need to stimulate FDI, the Indian government has developed long-term plans to support Indian companies. The Industrial Policy and Product Promotion Department of the Ministry of Trade and Industry of India has identified Southeast Asia, Eastern Europe and Africa as areas where Indian companies can be offered asset purchases and buybacks of companies. Besides, in 2011, the Indian government approved a policy to support the procurement of raw material assets by selected public sector enterprises abroad. One of the state financial institutions supporting foreign investment in the country is Exim Bank of India, which assists companies exporting goods and services by providing loans, loan guarantees and insurance of export transactions in investment area (Cardenas and Berg, 2017). The specifics of the Indian government's regulation of other types of capital transactions in addition to FDI are shown in Table 2.1.

Table 2.1. State regulation of the export of capital in India.

Type of deal with capital	State regulation of the export of capital
FDI	Indian companies and registered non-residential partnerships can invest up to 400% of their own net worth without obtaining approvals. The upper limit does not apply if investments are made from funds from an exchange participant's account in foreign currency (EFCC) or from funds raised through depositary receipts (ADR / GDR). The lower limit and additional terms apply to unregistered partnerships and legal entities with unlimited liability.

FPI	The total limit on investments by residents in the shares of companies listed in foreign stock exchanges is 200 thousand dollars per year. Resident corporations can invest up to 50 % of their net worth in shares of listed companies on foreign exchanges. Indian mutual funds allowed to invest up to a total limit of $ 7 billion.
Portfolio investment in bonds	Portfolio investment in bonds only resident individuals can invest in foreign debt securities. The annual amount of such investments is limited to $ 200 thousand.
Derivatives	Commercial banks can purchase derivatives for risk management. Resident companies can use derivatives to hedge risks, associated with the prices of goods and exchange rates of debt obligations.
Loans	Loans abroad generally require approval, except for certain trade loans and loans to subsidiaries located abroad.
Non-resident accounts in local currency	Only Indian non-resident individuals and individuals of Indian origin can maintain accounts in rupees.
Demand for capital repatriation	Investment income must be repatriated within 12 months of the date receiving. They can be deposited in non-interest bearing accounts with local banks.

Source: Cardenas and Berg, 2017

The government of Narendra Modi, which came to power in May 2014, has continued its policy of promoting the export of Indian investments abroad, in particular within the proclaimed "Act in the East" policy aimed at strengthening India's economic ties with ASEAN, as well as expanding India's scope of action outside the region, from the Republic of Korea to Australia and New Zealand, from Bangladesh to Fiji and Oceania. Thus, at the present stage, the state policy of India in the field of regulating the export of capital is aimed at stimulating direct investment abroad. The Indian government is currently determining the export of Indian capital in the form of direct investment as “one of the areas of Indian integration in the world economy, which is associated with the solution of general socio-economic problems, increasing the competitiveness of Indian goods and accelerating the country's economic growth. The gradual liberalization of state regulation in the field of investment activities of Indian companies was reflected in changes in both the geographic and sectoral structure of Indian FDIs (RAY, 2020).

Moreover, in India, more than three hundred free economic zones stimulate the attraction of local and foreign investment. The presence of special economic zones allows investors to enjoy benefits.

In these zones, they can obtain duty-free means of production, materials and other necessary raw materials both domestically and abroad. There is a simplification of the customs inspection regime, there are no requirements for a license when importing. Also, investors here do not pay 100% income tax for five years, then 50% - also for five years.

The basic corporate tax rate is 25%. Newly founded companies in the hi-tech or scientific research sector are exempt from income tax for 10 years.

Income in the agricultural sector is subject to several taxes at once, but in total, they are significantly less than the usual income tax. Property tax is levied on assets worth more than Rs 1.5 million ($ 33,000).

The main indirect taxes are excise taxes, customs duties, sales tax and service tax. On April 1, 2005, a value-added tax was introduced, the base rate of which is 12,36%.

Taxable income of non-residents and foreign firms is determined in the amount of 5 to 10% of the amount received in India in the following areas of activity: exploration work related to oil production; works related to air transport; shipping; construction works, turnkey projects. Additional benefits permitted by the Act are provided for income received from geological exploration (Tokuoka, 2019). The base tax rate we can see on on the Table 2.2

Table 2.2. Tax Rate for grossed income in India in 2020

Grossed income	Tax Rate (%)
INR 2,50,001 to 5,00,000	5
INR 5,00,001 to 10,00,000	20
More than INR 10,00,000	30

Source: World Bank Open Data | Data, n.d.

Lease payments for aircraft or engines (other than payments for spare parts and services related to the operation of aircraft) are tax-free subject to the approval of the agreement by the central government of India. Interest earned on certain securities, bonds by non-residents is not taxed. Foreign technical and scientific personnel are provided with partial tax benefits.

All citizens, except those who are required to pay salaries, interest, rent for premises, pay for professional and technical services, contracts and dividends, must withhold tax at source. A non-resident eligible for tax benefits must contact the appropriate authorities. Income from shares acquired with funds received from abroad is taxed at a rate of 20%.

The Indian government has concluded bilateral agreements with several countries to exempt from double taxation (including the Russian Federation, Ukraine, Austria, Germany, China, France, Japan, Spain, Sweden, etc.). There are other special agreements with some countries that exempt from double taxation on income from shipping and air traffic (including with Afghanistan, Bulgaria, Ethiopia, Iran, Kuwait, Lebanon, Oman, Pakistan, Saudi Arabia, Yemen). A unilateral tax exemption is also provided in the form of a deduction of the amount paid as tax in another country.

The interest rate in 2020 was 4% the lowest one in the last five years, we can see the full dynamics in the Figure. 2.3.

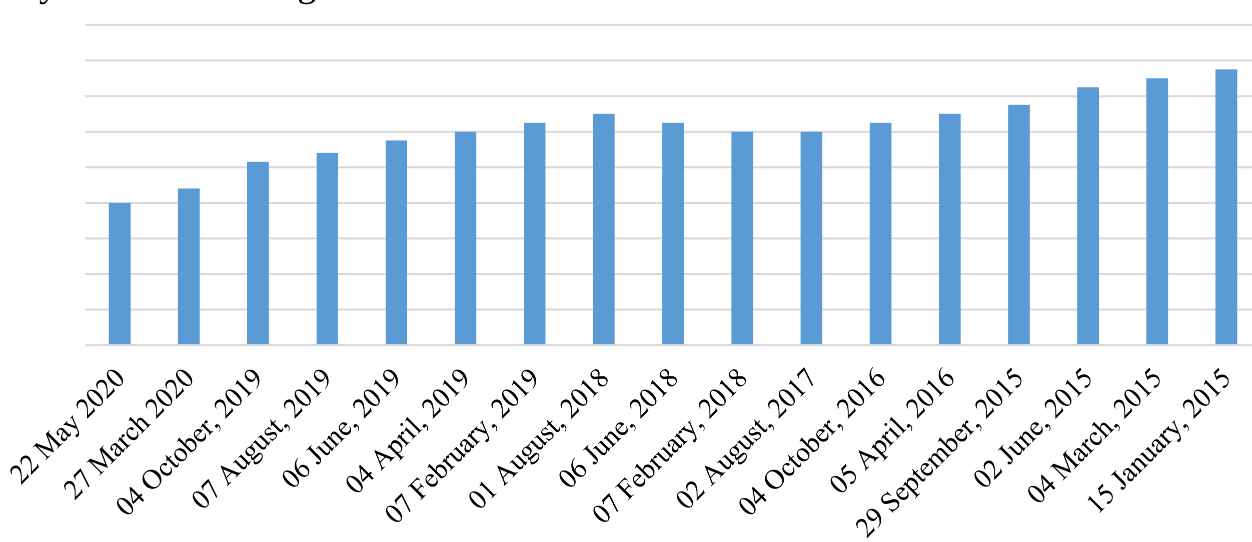

Figure. 2.3. Interest rate 2015 to 2020 year

Source: World Bank Open Data | Data, n.d.

In 2017, the Government of India introduced a national sales tax (goods and Services Tax, GST). The GST is expected to increase India's GDP by 2%, simplifying the tax system and lowering the effective rate of tax.

But there are also restrictions, such as the minimum production area, the minimum investment in the economic zone, the placement of non-core infrastructure facilities and some other conditions. Export of goods from special economic zones accounts for a significant part of GDP.

Special economic zones are created not only by the central government. State governments as well as business representatives can also create them. However, they are approved and established by the Specialized Council of the Central Government (SEZ:Special Economic Zones in India, n.d.).

The creation of state, private and mixed enterprises is carried out in special economic zones. The investment of foreign capital is automatic, without the need for the approval of the state government, which helps to establish it faster.

After the analysis, we can conduct that the Indian economy is increasing its potential and becoming more powerful, the budget deficit is narrowing, and inflation is contained. India has every chance of becoming a driving force in the world economy and international economic relations.

But for further development of economy transport networks and infrastructure as a whole are equally important. A country's growth rate depends on the production of goods and services, as well as on its movement. For the progress of a country as vast and populous as India, the construction of new and developed roads is critical. Roads provide connectivity and smooth traffic.

India has one of the largest road networks in the world, covering approximately 5.5 million kilometers. The Indian road network includes national and state highways, expressways, major circuit roads, and urban and rural roads.

India's Bharatmala Pariyojana (Bharatmala Project) aims to build 66,100 km of economic corridors, border and coastal roads, and expressways to expand the road network. The project will also improve road connections for tourist destinations, the construction of bypass roads, the development of ring roads and the elimination of congestion in congested areas (Department, 2018).

Recognizing the importance of a reliable and fast road network and the role it plays in influencing the country's economic development, the government is building quality roads and highways throughout India. The road infrastructure will meet international standards.

2.2. Export & Import Activity in India.

The presence of favorable conditions for agriculture, a relatively stable political situation, the possibility of entering the Indian Ocean, high labour productivity - all this increases the rate of economic growth.

According to world experts, India is increasing its foreign trade turnover every year, turning into a world economic giant. The key foreign trade partners of the Indian Republic are:

- UAE;
- USA;
- PRC;
- Russian Federation;
- Germany;
- Saudi Arabia;
- Great Britain;
- Hong Kong.

For export, India sends wheat and rice, oil products, engineering goods, aircraft construction, fabrics, medicines, some precious metals, meat. The country needs to import crude oil, computers and phones, cars, microcircuits, plastic, and some minerals (TradeIndia - Indian Exporters, Manufacturers, Suppliers ..., n.d.).

However, concerning imports, the country still has a negative balance, dynamics we can see in Figure 2.3. For example, in the 2018, the volume of imports exceeded the export figures by 125 billion euros, and the external debt amounted to slightly less than 70% of GDP (about $ 1,864 billion). According to experts, by 2022-2025, the debt should be reduced due to further economic growth (Kumar and Mishra, 2019).

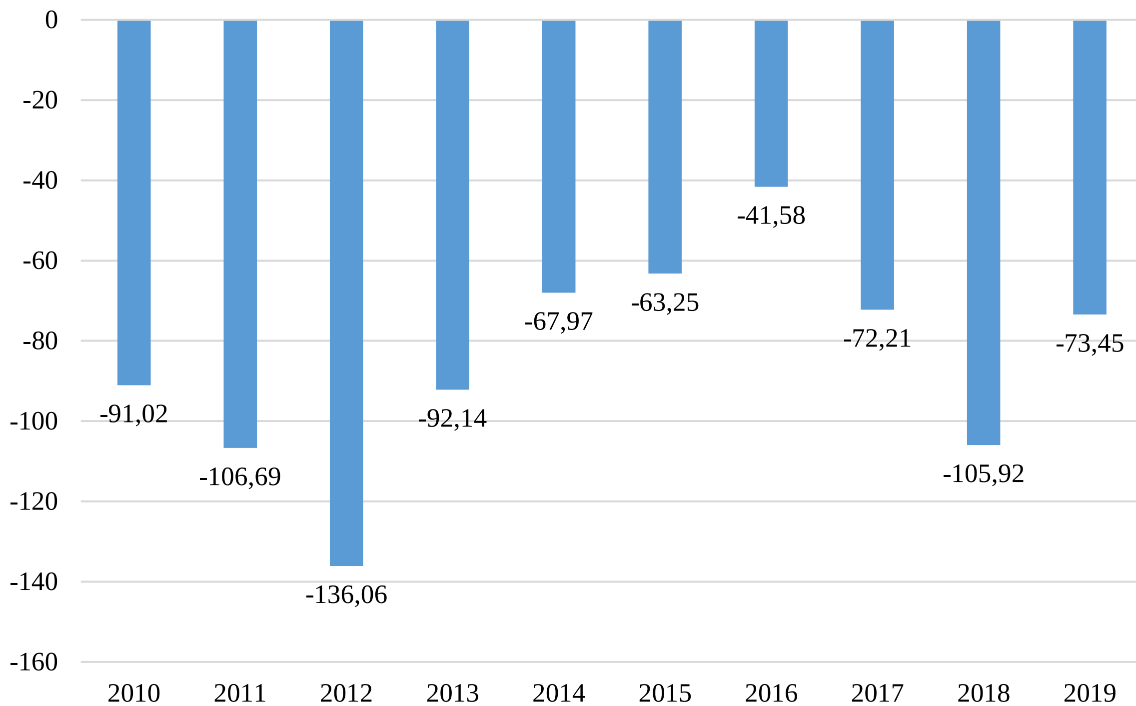

Figure. 2.3. Trade balance in India, billion USD, 2010 – 2019

Source: World Bank Open Data | Data, n.d.

The increase in foreign trade turnover per capita is gradually increasing and every year it becomes more and more. Thus, the level of the country's GDP is also growing. Key import partners are:

- PRC;
- Saudi Arabia;
- United Arab Emirates;
- USA;
- Switzerland;
- Indonesia;
- Qatar.

The import structure includes the purchase of mineral fuel and oil products, precious stones and metals, electrical apparatus, equipment, nuclear reactors, boilers, organic synthesis products, animal and vegetable fats (Misra and Choudhry, 2020).

2.3. Investment Policy in India.

The Government of India welcomes investments in such sectors of the Indian economy as infrastructure projects, mechanical engineering, information technology, pharmaceuticals, oil and gas and petrochemical complexes of the country, as well as other industries whose products are in demand on the local market and can be exported. The most active investors in the Indian economy are Mauritius (38.7%), the USA (17.1%), Japan (6.8%), Great Britain, the Netherlands, Germany, Australia, France, Malaysia.

Depending on the sector of the Indian economy, the government of the country has legislatively established the maximum level and conditions for admission (automatic mode or the need to go through the approval procedure by the relevant government agencies) of foreign investments. In the case of automatic mode, the company is required to notify the local branch of the Reserve Bank of India within 30 days from the date of receipt of the foreign investor's funds and provide the Reserve Bank of India with documentation in the prescribed form within 30 days from the date of transfer of shares to the foreign investor. A similar regime is applied if the conditions of the investment project do not contradict government restrictions and established limits (Eichengreen, Gupta and Kumar, 2019).

If a pre-approval regime is used, projects are reviewed by the Foreign Investment Promotion Board (FIPB). The company needs to apply to the FIPB, as well as receive recommendations from the relevant line ministries of India. The investment project review procedure lasts approximately 30 days. Taking into account the current requirements and regulations for various sectors of the economy, the FIPB can recommend higher or lower shares of foreign capital (up to 100%, subject to the temporary absence of an Indian partner).

The investment conditions approved by the FIPB for a specific project remain unchanged in the future, including in the event of changes in the general rules and regulations for investment, as well as in the event of a subsequent increase in the capital of the joint venture. The decisions of the Council for the Promotion of Foreign Investment concern only the principled approval of investment projects. All technical permits and registration procedures (company registration, obtaining permission from the Department of Environmental Protection and Forests, obtaining permission from state authorities, local business registration) for projects approved by the FIPB must be obtained by the foreign investor independently.

Investment proposals are considered by the Council for the Promotion of Foreign Investment, taking into account the social significance of the proposed investment projects and the following priorities: development of infrastructure and export potential of the country, increase in employment (especially of the rural population), the introduction of advanced technologies (Dept, 2017).

Fundamental approval by the FIPB is issued within 4-6 weeks, and the subsequent agreement of plans for the implementation of investment projects at the level of line ministries, state and local governments takes several months. In addition to bureaucratic delays, the implementation of investment projects is complicated by the imperfect and insufficient systematization of the legislative framework, obsolete laws, underdeveloped infrastructure in several states of the country, low qualifications of local personnel, high taxation and overregulated financial and banking services.

Following Indian law (Foreign Exchange Management Act 1999 (FEMA) and Company Act 1956), a representative office of a foreign company can be registered as:

- "Foreign company" - a company with 100% foreign capital;
- "Branch office" - a branch of a foreign company;
- "Project office" - a representative office for the implementation of a specific project;
- "Liaison office" - communication office.

Following the above legislative acts, a foreign company can create a new company (Foreign company) in India, own 100% of its shares and exercise full control of its activities, or create a joint venture with an Indian partner. This requires prior approval from the Foreign Investment Promotion Board (FIPB) and approval from the Reserve Bank of India (RBI) to issue shares. The areas of business activity are determined by the relevant Articles of the Charter and are regulated by local laws, including taxation and audit control (Kumar and Mishra, 2015).

A foreign company can also open its branch or branch office in India, the scope of which includes entrepreneurial activities: export/import of goods, representation of interests and provision of professional and advisory services, market research, promotion of technical and financial cooperation between Indian companies and the main (founding) company. The opening of a branch requires permission from the Reserve Bank of India (RBI) and is subject to local laws, including taxation and audit.

The project office is a type of company engaged only in the implementation of a specific commercial or economic project and has no right to engage in any other activity. The scope of activity of a Project office company is determined by the agreed partners in the prescribed manner by the regulation and regulated by local legislation, including taxation and audit control.

The scope of the Liaison office includes representation of interests and assistance to export/import, promotion of technical and financial cooperation, provision of communication. Liaison office cannot, on its behalf, engage in commercial, industrial and any other entrepreneurial activity, receive/pay commission, receive / issue loans without RBI's permission. With this in mind, the Liaison office is not subject to corporate tax, but other taxes and audit controls remain.

The establishment of a representative office is accompanied by the fulfilment of certain formalities, while all issues related to registration are resolved by the Reserve Bank of India.

CHAPTER 3. DEVELOPMENT OF AN INTERNATIONAL INVESTMENT PROJECT TO ESTABLISH A COURIER SERVICE BUSINESS IN INDIA

3.1 Analysis of the Indian Home Delivery Market.

According to predictions from 2021 to 2025, India's house delivery market will expand at a CAGR (Compound Annual Growth Rate) of more than 23%. Food and restaurant-related services had the biggest aggregate annual increase rate in the Indian delivery market in 2019. It is assumed that this market share will also make significant contributions throughout the estimated period. The amount of new ventures continues to increase, and some established suppliers in the market, as well as customers, are increasing and the risks are relatively low around 5%. The most popular business models on the market are order focused and logistics based. For the investment project, we will focus on the second model. This means that a logistics based business model is primarily for flow-oriented companies, where the flow of goods represents a large part of total cost and where availability is important for the creation of customer value (Next generation digital entertainment, 2019).

Dominant players in the Indian home delivery market are using different extension strategies, such as mergers and acquisitions, cooperation and partnerships, joint ventures, expansion, and a few other strategies to obtain a competitive advantage in the business. Key services in India now are:

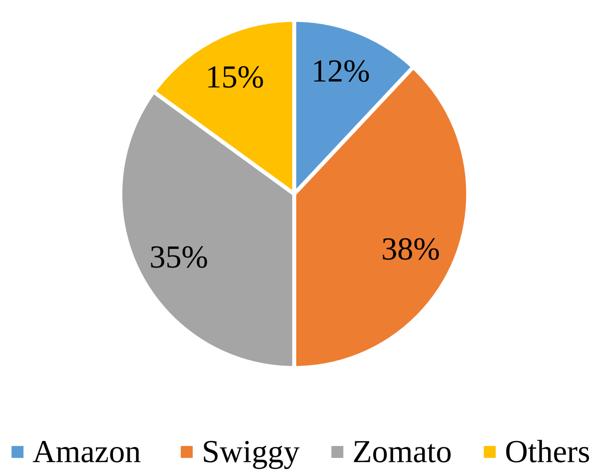

Figure. 3.1. Market share of food delivery services in India by number of orders in 2020

Source: India Online Food Delivery Market Size, Share, Statistics ..., n.d.

Besides, the market in India is mainly pushed by boosted consumer spending and changes in customer lifestyles. The average age of Indians is about 28 years old, which is the target audience for the before-mentioned companies.

Even though the market is controlled by two companies Swiggy and Zomato it is worth considering that the purchasing power of the inhabitants of India is growing: per capita income for three years increased by 24.4%. Of course, it's not a sign that a new company will oust the local giants. However, in the case of India, there are enough clients for everyone (Swiggy - Funding, Financials, Valuation & Investors, n.d.). Based on products the home delivery market in India is divided into the following:

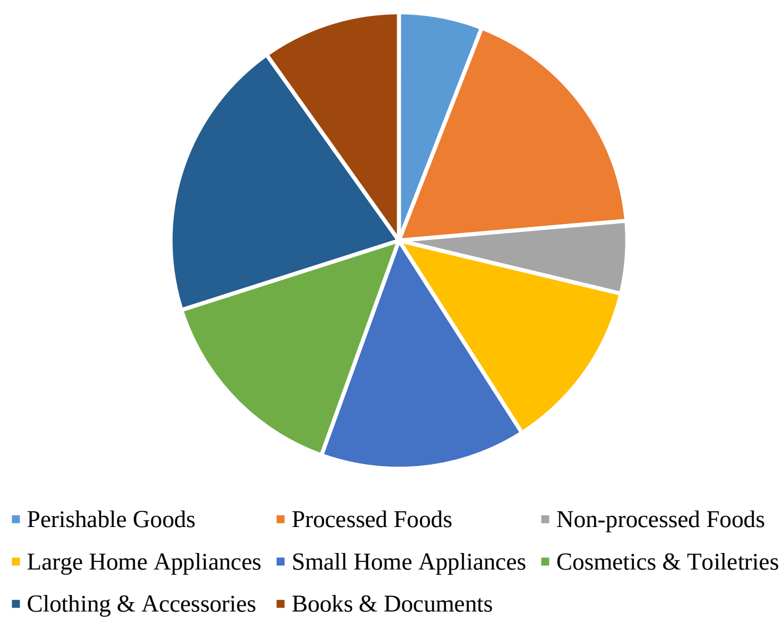

Figure. 3.2. Top 10 items people tend to buy online in India (% of shoppers)

Source: E-commerce worldwide - Statistics & Facts | Statista, n.d.

Depending on the type of delivery, the home delivery market in India is divided into automatic shipment, shared delivery and third party delivery. Due to shifts in day to day habits, lifestyle and eating habits, self-service delivery and shared delivery are suspected to occupy a meaningful share of the market in India. In addition, it is assumed that big cities in India will make a significant contribution to India's delivery market, mainly on account of rising customer spending and growing customer level of income. The biggest cities by consumption expenditure of India are:

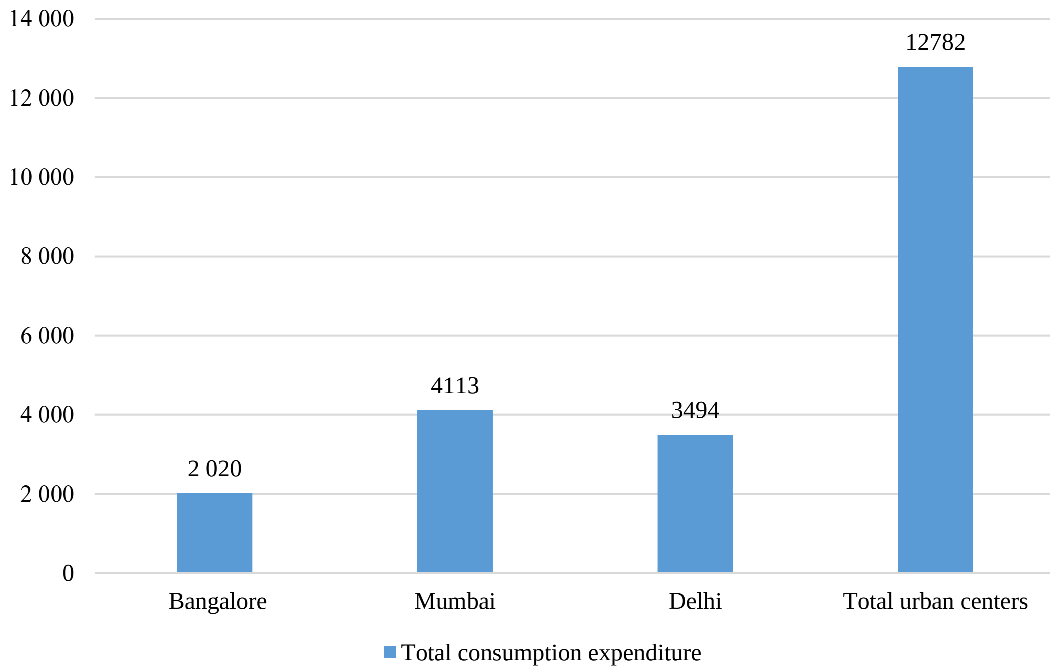

Figure. 3.3. Value of total consumption expenditure in major cities across India in 2019 (in billion Indian rupees)

Source: India - Statistics & Facts | Statista, n.d.

By 2022, India's e-commerce market is expected to exceed US $ 108 billion, which is one of the fastest-growing electronic commerce markets in the world. In this industry, online food and restaurant aid providers are growing rapidly, creating a tough environment for physical dining in business in India (e-commerce: India's e-commerce market to be worth..., n.d.).

E-retailers are constantly developing their delivery services to improve customer experience. Some organizations are expanding their distribution stations to increase the scope and speed of distribution.

With the improvement of digital literacy and increasing access to high-speed devices, more and more people in India are using smartphones. This, together with the growth of the active population and the ability of consumers to spend, is one of the main factors that catalyze the growth of the market. Consistent with this, the new trend of general food and courier models offers convenient options, ready-to-eat and cheap food delivery, all of which also make important contributions. Besides, the discounts and refund offer offered by online food ordering applications such as Zomato and Swiggy play a vital role in attracting consumers, especially the young population. Also, major food distribution companies buy or cooperate with well-known restaurants and food distribution chains.

For example, Zomato bought Uber's food distribution business in India for about $ 350 million. Also, these delivery portals offer a variety of payment methods to ensure secure transactions, thus promoting their wide popularity. Other factors driving the growth of the online food distribution market in India include the rise of urban immigration and the growing westernization of food culture. Due to these factors, the market value is expected to reach US $ 12.7 billion in 2025. But still, most of the companies already established in India, are specialized in batching. Batching - when a courier can collect orders from nearby restaurants and deliver them to users faster. Ordering can be cheaper than dining out.

My investment project specializes more in cloud kitchen delivery. Cloud kitchens play an important role in the expansion of aggregators into new cities and are embedded in the created distribution models. This helps aggregators to scale more efficiently to new locations with a lower density of partner restaurants. The logic is simple: whoever creates places for cloud kitchens first will go to the regions faster.

The demand from customers for cloud kitchens is increasing. Cloud kitchens in India account for about 10% of orders, but in the next two years, growth may reach 35-40%.

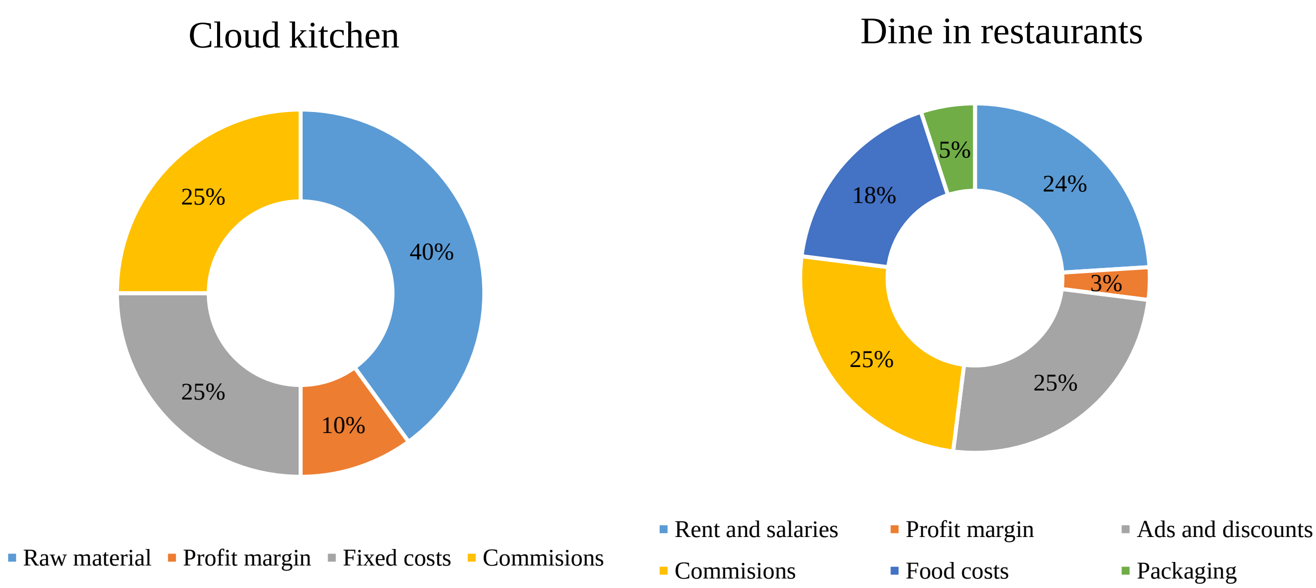

Figure. 3.4. The marginality of a cloud kitchen versus a regular restaurant.

Source: World Bank Open Data | Data, n.d.

The entry inception in India is still low, the capital market is also looking at the new phenomenon with great expectations. Like many economies of scale, the market seeks to consolidate in the hope that the quickest entrepreneur can ultimately handle the entire product development cycle.

In the long run, an increase in supply decreases the price. The road to survival is through differentiation and building a scalable, resilient operating system.

Cloud kitchens are not burdened with one type of cooking: when sushi in Mumbai begins to decline, we can reallocate resources in a week and focus on burgers, which will allow delivery service to meet the current demand of a customer. Those who are the first to catch the trend will be on top. A recent report by Red Seer Management Consulting said cloud kitchens were set to become a $2 billion industry in India by 2024. During the lockdown, many restaurants turned themselves into cloud kitchens. And all these bars, restaurants and kitchens are looking for a delivery service because establishing a new one with logistics is time-consuming and costly in the short run, entrepreneurs do not have time because demand rise now. That is why delivery service for cloud kitchen are in high demand now.

3.2 The realization of the international investment project for delivery service in India.

Before anything else, it is necessary to consider the current organization and distribution plan: what kind of vehicle and supplies are needed, and how to handle the logistics. Here, the most crucial thing is to consider the position delivery time. We need to be especially careful in determining - if we will set period too short, this can cause the risk of time delay, which will lead to negative emotions from customers; if we will say too much, probably no one will respond to the ads.

It is necessary not only to consider the time it takes for the courier to drive from the place of placement to the restaurant and from there to the customer but also the time (optionally) to prepare the order. For large cities in India, a common delivery time of 1.5 hours or longer is more relevant. Ideally, the courier arriving at the order should have received the order without waiting, the effective work of the dispatcher should be guaranteed. Once the manager receives the customer request, he will transmit it to the organization that will receive the dish immediately cooked.

At the same time, a big plus will be its integration with the GPS to build the most efficient courier route. In India estimated cost for the CRM software wires around Rs.999/year, an established one without a subscription will cost 2000 Rs.

The mode of transport chosen by the company depends on the conditions of the particular city of the establishment. Implementation of the project will start in Mumbai, a populated metropolis on the west coast of India, the financial centre of the country and the largest city, where the distribution of food on scooters has been quite successful. Scooter is one of the cheapest choices for transport, only public transport is cheaper but in India, public transport is not suitable for delivery. Due to the large population and volume of traffic, scooters are faster.

At the beginning of the project, four couriers working at the same time are enough - up to 10 clients can be served per hour. Over time, the number of delivery companies will increase, and the growing customer base will bear their maintenance costs. To promote the project, you can use channels such as the Internet, including your website, elevator ads, and leaflets for cafes and restaurants. We will also need a small office with minimal office equipment and a smartphone or tablet for a courier equipped with a CRM system.

However, it is worth remarking that to start this type of business, not to buy transport and equipment, but to reach an agreement with local catering organisations. Before making a final decision on free funds to invest in the project, we must obtain the consent of the cafes and restaurants to use it with your delivery service. The practice has proven that there are two main opportunities for collaboration: first, there is no limit to the minimum order quantity, and the customer pays a fixed delivery cost; second, the customer can deliver the goods for free, the minimum order amount is limited, and the supplier will receive a bill paid by the restaurant a certain percentage of the amount.

The first option is more suitable for investment projects in the form of fast food and cloud kitchens. As more customers withdraw from the delivery service and because there is no fee for renting and maintaining the room and the waiter's salary in India for the check amount, there is an opportunity to pay interest on the order. Suppliers usually charge 25% of the order price.

Only after 10 to 15 companies have reached an agreement in principle (ideally, a contract) - reducing the workload is meaningless - can we start buying equipment and setting up offices.

List of cloud kitchens in Mumbai, which are ready to cooperate with the delivery services:

1. Thaiphoon
2. Bun & Only
3. Ghosht Stories
4. The Mexican Box
5. Seoulmate
6. Miku Dimsum
7. Food Homes
8. Colossal Kitchens
9. What The Buns

The most convenient working hours for this type of business is shift work. In the first phase of project development, the 12-hour schedule has two shifts - four couriers and one distributor. The courier's salary can be fixed or variable, depending on the number of goods delivered.

3.3 Estimation of Economic Attractiveness of International Investment Project

The business plan is designed for 3 years of activity. At the end of this period, the company will continue to operate if the goals and objectives are achieved. The one-time investments of the preparatory period (716 088 Rs) include 21 certain cost items, all investment will be from personal funds. All represented in the Table 3.1:

Table 3.1 Calculation of investment requirements

NO	Item	Cost (Rs)
1	Rent per month 450 sqft	53 000
2	Registration of company	7 000
3	Legal Consultations	10 000
4	Commercial Motor Insurance (Edelweiss Two Wheeler Insurance) x4	48 958
5	Scooter x4	229 200
6	Tables 2	2 000
7	Chairs 4	2 000
8	Printer / scanner	2 500
9	Telephone	2,000
10	Stationary	500
11	Microwave	500
12	Fridge	1 500
13	Electric kettle	500
14	Security Instalments/ Cameras	5 000
15	Advertising expenses	281 380

16	CRM-system	4000
17	The cost of staff development	25 000
18	Wardrobe for clothes	600
19	Sofa	300
20	Router	150
	Laptop x2	40 000
	Total cost	716 088

The company must determine the support and management team of employees and specialists. The staff involves 7 people (Table 3.2).

Table 3.2. State regulation of the export of capital in India

NO	Job position	No of people	Wage, Rs per month	Total, Rs /month
1	Operations Manager	1	30 267	30 267
2	Dispatcher	1	22 700	22 700
3	Courier	4	13 518	54 072
4	Cleaner	1	11 350	11 350
	Total	7		118 389
	Social security payments (12%)			14 206,68
	Total payroll	7		132 595,68

Other expenditures for the first year are represented in the Table 3.3.

Table 3.3 1st year total expenditures.

NO	Name	Amount(Rs)	Data

1	Salary (including Social security)	132 595,68	Monthly
2	Utility bills	116 172	Monthly
3	Depreciation	50 00	Monthly
4	Fuel	37 000	Monthly
5	Rent	53 000	Monthly
6	Accounting outsourcing	20 000	Monthly
6	Other costs	1 000	Monthly
	Total	400 767,68	Monthly
		4 809 212,16	Yearly

During the second year the staff amount is expected to increase to 13 people, with increase in amount of people of couriers, dispatchers and operation managers occupations to almost double them from the first year. The total amount of the wage expenses for the second year is Rs 232 442, what requires the company to pay Rs 27 893,04 of tax and sums up the second year salary expenditures at the Rs 260 335,04. All represented in the Table 3.4:

Table 3.4 2nd year monthly salary distribution

NO	Job position	No of people	Wage, Rs per month	Total, Rs /month
1	Operations Manager	2	30 267	60 534
2	Dispatcher	3	22 700	68 100
3	Courier	6	13 518	81 108
4	Cleaner	2	11 350	22 700
	Total	13		232 442
	Social security payments (12%)			27 893,04
	Total payroll	13		260 335,04

During the third year it is also expected to have increase in amount of staff to 20 people, with doubled dispatchers, plus three couriers, two cleaners and SMM manager. This year the amount of monthly salary will be Rs 366 766, tax burden per month will reach Rs 44 011, 92, with total monthly salary expenditure at Rs 410 777,92. All represented in the Table 3.5:

Table 3.5 3rd year monthly salary distribution

NO	Job position	No of people	Wage, Rs per month	Total, Rs /month
1	Operations Manager	2	30 267	60 534
2	Dispatcher	6	22 700	136 200
3	Courier	9	13 518	121 662
4	Cleaner	2	11 350	22 700
5	SMM manager	1	25 670	25 670
	Total	20		366 766
	Social security payments (12%)			44 011,92
	Total payroll	7		410 777,92

Throughout the three years of implementation of the investment project, the total amount of expenditures will gradually increase from Rs 4 917 212,16 in the first year to Rs 7 929 079,48 in the second. In the second year, we will buy two additional scooters (114 600 Rs) and insurance (12 239,5 Rs). Also due to the new two dispatchers we need to purchase two additional laptops (40 000 Rs) and telephones (4,000 Rs).

In the third year will eventually reach the peak of Rs 11 153 844,04 (we will open a new position of SMM manager, purchase two additional scooters and insurance , and we will rent a bigger office 550 sqft), with all amounts expressed per one month. With the opening of new vacancies in the person of three operators and an SMM manager, we will need to purchase a laptop (40 000 Rs) and a headset (2,000 Rs) to take orders. Also, the new office will need three more chairs (1 500 Rs), a sofa (1 300 Rs), two tables (2,000 Rs), a kettle (500 Rs), a router (150 Rs) and a TV (12 000 Rs). The monthly sum is given so that the expenditure is distributed evenly – all the figures expressed in Table 3.6.

Table 3.6 Total expenditures for three year implementation.

Expenditures (Rs)	Three year period					
	1(Rs)		2(Rs)		3(Rs)	
	Month	Year	Month	Year	Month	Year
Salary (including Social security)	132 595,68	1 591 148,16	260 335,04	3 124 020,48	410 777,92	4 929 335,04
Utility bills	116 172	1 394 064	131 172	1 574 064	148 172	1 778 064
Depreciation	50 000	600 000	100 000	1 200 000	150 000	1 800 000
Fuel	37 000	444 000	74 000	888 000	111 000	1 332 000
Rent	53 000	636 000	53 000	636 000	58 000	696 000
Accounting outsourcing	20 000	240 000	25 000	300 000	30 000	360 000
Other costs	1 000	12 000	3 000	36 000	6 000	72 000
Purchase of scooters+ insurance	-	-	-	126 995	-	126 995
Laptops and telephone	-	-	-	44 000	-	42 000
Furniture	-	-	-	-	-	17 450
Total	408 767,68	**4 917 212,16**	646 507,04	**7 929 079,48**	913 949,92	**11 153 844,04**

Estimated Revenue

At the rate of 12 deliveries per hour by four couriers with a 12-hour working day, we get 144 serviced customers per shift at not busy day, during occupied hours or at the most demanded time - Friday and Saturday evening's number of orders will be at least 158. The average cost of an order from cloud kitchen is 400 Rs, the average cost for batching from restaurants or fast food is 600 Rs. Commission for delivery service is 25%.

Table 3.7 1st year estimated revenue.

Service	Expected Orders Per/Month	Fee per/orde (average, Rs)	Total Per Month	Total Per annum
Delivery from cloud kitchen	2 700	100	270 000	3 240 000
Batching	1 444	150	216 600	2 599 200
TOTAL	4 144	175	442 500	5 839 200

The calculations took into account the growth of average cost of an order by 6% annually over 3 years of operation and growth of capacity by increased staff amount, which is explained by the growth of the customer base, increased customer loyalty and increased recognition of the company.

For the second year, the average price of the ordered from cloud kitchen will grow to Rs 428, and from batch to Rs 642. At the rate of 18 deliveries per hour by six couriers with a 12-hour working day, we get 216 serviced customers per shift at not busy day, during occupied hours or at the most demanded time - Friday and Saturday evening's number of orders will be around 235 orders.

For the third year the average price of the ordered from cloud kitchen will grow to Rs 458, and from batch to Rs 687. At the rate of 18 deliveries per hour by nine couriers with a 12-hour working day, we get 324 serviced customers per shift at not busy day, during occupied hours or at the most demanded time - Friday and Saturday evening's number of orders will be at least 345 orders.

Table 3.8 Total estimated revenue for three-year implementation

Service	Three year period					
	1(Rs)		2(Rs)		3(Rs)	
	Month	Year	Month	Year	Month	Year
Delivery from cloud kitchen	2 700	3 240 000	431 638	5 179 656	688 031	8 256 366
Batching	1 444	2 599 200	348 606	4 183 272	555 783	6 669 396
TOTAL	4 144	**5 839 200**	780 244	**9 362 928**	1 243 814	**14 925 762**

Investment Effectiveness

After that, the final part is to calculate estimated net income: the calculation of potential net income taking into account the required taxes. However, it is necessary to say in advance that considering the time and money of operation, advertising and marketing expenses, the revenue is expected to be slightly higher than average. The calculation process is as follows: state revenue, state expenditure, calculate value-added tax (12,36%) based on revenue and then calculate profit before tax by summing up expenses and value-added tax. For the third year, we are using 30% corporate tax because our revenue crossed the line of Rs 10 000 000. After finding the percentage of corporate tax from before tax sum, we can conduct net profit by the deduction of corporate tax from profit before tax and the result will be net income, all calculations can see in the Table 3.9

Table 3.9 Estimated net income for three-year implementation

Indicators	YEAR			
	0	1	2	3

Investment (Rs)	716 088	-	-	-
Revenue from Service	-	5 839 200	9 362 928	14 925 762
Expenditure	-	4 917 212,16	7 929 079,48	11 153 844,04
VAT 12.36%	-	721725,12	1157257,901	1844824,183
Profit before corporate tax	-	200 262,72	276 590,62	1 927 093,78
Corporate tax 20%	-	40052,544	55318,12384	578128,133
Net Profit	-	**160 210,18**	**221 272,50**	**1 348 965,64**

Thus, as the estimated net income is positive and no losses are expected, the project is to be assessed with the indicators of investment opportunity attractiveness, explicitly including discounted flows into account.

India Inflation Rate Forecast

For further calculations, we need to know the estimated inflation rate for the next 3 years and the current interest rate. The statistic shows the predictions of inflation rate in India from 2021 till 2023 as follows:

Year	Inflation rate
2021	3,75%
2022	3,83%
2023	3,87%

Interest rate = 4.00%　　　　　Risk = 10%

Calculation of indicators of economic efficiency of the project

From now on, we can perform other important calculations, such as: discount rate, payback period, return on investments, NPV and profitability index.

Step 1. Discount rate.

Formula: i = (1+Ir)*(1+In)*(1+Rk) -1. Where Ir is inflation rate, In is interest rate and Rk is risk of investment.

i 2021 = (1+0,0375)*(1+0,04)*(1+0,01) -1= 1,089-1= 0.089=8.9%

i 2022 = (1+0,0383)*(1+0,04)*(1+0,01) -1= 1,090-1= 0.090=9.0%

i 2023 = (1+0,0387)*(1+0,04)*(1+0,01) -1= 1,091-1= 0.091=9.2%

Step 2. Discount index

2021 - 1/(1+0.089)= 0.918

2022- 1/((1+0.089)*(1+0.090))= 0.842

2023 - 1/((1+0. 089)*(1+0.090)*(1+0.091))= 0.772

Step 3. Discounted Cash Inflows.

Year	Investment Rs	Net Profit, Rs	Amortization Rs	Cash Inflow Rs	Discount Rate	Discounted Cash Inflows, Rs
0	716 088	-	-	-	-	-
1	-	160 210,18	50 000	210 210,18	0,918	192 972,9416
2	-	221 272,50	100 000	321 272,50	0,842	270 511,4411
3	-	1 348 965,64	150 000	1 498 965,64	0,772	1 157 201,477
Total		1 730 448,32	300 000	2 030 448,32		**1 620 685,86**

Step 4. NPV.

The formula and calculation of NPV:

$$NPV = \sum_{k}^{n} = 1 \frac{Pk}{(1+i)^k} - I$$

In our case NPV= Rs 1 620 685,86 - Rs 716 088= Rs 904 598
Step 5. Profitability Index.

$$\mathrm{PI} = \left[1\frac{Pk}{(1+i)^k}\right]/I$$

Where $\left[1\frac{Pk}{(1+i)^k}\right]$ is Discounted cash flow and I is investment.

PI= Rs 1 620 685,86 / Rs 716 088= 2,26

The rule is that a profitability index greater than 1 indicates that the project should proceed. A profitability index below 1 indicates that the project should be abandoned. In our case this indicator is acceptable, but for the conclusion we need to calculate PP.

Step 6. Payback period.

$$\mathrm{PP} = \frac{I}{P_k}$$

Where P_k is an average annual income.

First we need to calculate the average annual income.

Pk= Cash Flow Discounted /years= 1 620 685,86 /3= Rs 540 228,61

Then we can compute PP.

PP = Rs 716 088/ Rs 540 228,61=1,3

In our case, the NPV is positive (Rs 904 598) and PI is also high - 2,26. Payback period is 1,3 year. Thus, such an investment is acceptable to investors.

CONCLUSIONS AND PROPOSALS

India is a dynamic and diversified country whose economy is increasingly integrated with the world economy. The extensive economic reforms carried out over the last decade have had a profound impact. Indian business has become a global business hub for multinational companies. The large and growing market, the growing infrastructure, the complex financial sector, a flexible regulatory environment, incentives, stable geographical location and good economic prospects make India an attractive investment destination.

India's business environment is conducive to high performance and stable growth. India is currently moving towards an open market economy, but there are still traces of its past policies. Economic liberalization, including industrial deregulation, privatization of state-owned enterprises, and reduced control over foreign trade and investment, began in the early 1990s and has been promoting the country's economic growth. Since 1997, the country's average annual growth rate has exceeded 7%.

India's economy is diverse, including traditional rural agriculture, modern agriculture, handicrafts, various modern industries and many types of services. Just over half of the workforce comes from agriculture, but the service industry is the main source of economic growth. It accounts for more than half of India's GDP and accounts for only a third of the workforce. This needs to be taken into account when the investment project to provide open delivery services in India is reasonable.

The theoretical and practical analysis of the implementation of the project delivery services business makes possible the following generalizations. The good value for money projected for this business will allow the value of the investment of the first year in the months of the investment and the third year. Due to the expected profit interval after 3 years of investment, the proposed investment remains attractive.

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