

Chhattisgarh

Introduction



Chhattisgarh was constituted on 1 November 2000 with Raipur as the capital. It is a land locked State, surrounded by Madhya Pradesh to the west and northwest, Uttar Pradesh to the north, Jharkhand to the northeast, Orissa to the east, and Maharashtra to the southwest and Andhra Pradesh to the southeast. The climate is mainly tropical, humid and sub-humid and Mahanadi is the principal river of the State. It is estimated that 43.4 percent of the population belongs to schedule tribes and schedule cast and 80 percent of the population lives in rural area. The forest area covers 40 percent of the land area of the State.

In the economic front, the State has shown growth over the years. The State's per capita income, which is an important economic indicator of development of a State was US\$ 766 (INR 34,483) during 2008-09 which increased to US\$ 856 (INR 38,534) in 2009-10 and further improved to US\$ 979 (INR 44,097) in 2010-11.

As per the quick estimates for 2008-09 at current prices, Gross State Domestic Product (GSDP) is estimated at US\$ 21.15 billion (INR 95,204 crore), which has registered a growth of 19.88 percent over previous year. In 2009-10 the GSDP, as per advance estimation at current prices is likely to be US\$ 23.95 billion (INR 1,07,847 crore), which shows 13.28 percent growth over the previous year. The GSDP at current price is likely to be US\$ 28.81 billion (INR 1,29,718 crore) in 2010-11 showing an improvement in the economy as compared to the previous fiscal year.

The State provides abundant investment opportunity both to the domestic and international investors. The State is rich in mineral resources and accounts for about 17 percent of national coal reserve. Its policies offer wide range of fiscal and policy incentives for investors in various sectors. Surplus power and rich labour pool availability are few other factors, which draw the attention of the investors. The key industrial centres in the State are Raipur, Durg-Bhillai, Bilaspur and Korba.



The State has emerged as a lucrative investment hub among its competing states. In 2010 the State has attracted both domestic and foreign investment worth US\$ 62.19 billion (INR 2.86 lakhs crore).

In an event on 31st May 2011, organized by Associated Chambers of Commerce and Industry of India (ASSOCHAM) in partnership with the State government, where more than 300 potential investors participate in the Chhattisgarh, it is being estimated by the ASSOCHAM officials, that Memorandum of Understanding (MoUs) worth over US\$ 1.55 billion (INR 7,000 crore) was signed for investment in various sectors.



Chhattisgarh attracted Foreign Direct Investments (FDI) in power, manufacturing, services, mining and construction sectors. According to the Reserve Bank of India, FDI inflows from April 2000 to May 2010 amounted to US\$ 206 million. *(The figure includes FDI into Madhya Pradesh).* The bulk of the investments were in the electricity (68.9 percent) and manufacturing (26.0 percent) sectors.

In exports scenario, the State has exported worth US\$ 644 million dollars during 2008-09 as against US\$ 554 million dollars in 2007-08, registering a steady growth of 16 percent over the previous year. Nearly 75 percent of exports emanate from Bhilai. 17 percent of the companies in the State are engaged in exports and with the opening up and operation of services of the Raipur Inland Container Depot (ICD) the dependence on the logistics of other states for exporting products have been minimized. Major exportable products include steel, handicrafts, handlooms, blended yarn, food / agri products, iron, aluminium, cement, minerals and engineering products.

With the joint effort of both the government and other agencies, the State is steadily getting the entire new look. The main thrust of the government is on the complete infrastructure of the state, which includes roads, hospitals, hotels, office apartments, residential flats and public utility spaces like parks. The State has approved four-lane road project on National Highway – 6 and have taken financial assistance from Asian Development Bank for improving the road infrastructure. Steel Authority of India also has funded road projects in Kanker district.

There are many industrial parks that are coming up within the State which are at different stages. Industry specific parks like metal park, integrated textile park, medicinal park, food processing park; engineering park etc are some projects, which are mostly likely enhance the investment opportunity. Special Economic Zone (SEZ) for IT, ITeS, gems and jewellery are also planned to develop on Public Private Partnership (PPP) basis to attract investors.

The State rich in power generation has seen many players who are interested in this sector. It is estimated that through 40 power projects the State will add to its present power generation capacity another 39,500 MW.

Chhattisgarh, the richest state in terms of mineral wealth, with 28 varieties of major minerals, including diamonds, also provides great scope for private participation in the mining sector. The State's Mineral Policy 2001 has created a conducive business environment to attract investment, both domestic and international. Procedures have been simplified and there is complete transparency in decision-making.

The Raipur- Bilaspur belt is full of raw materials, vast natural resources and ample human resource, which is suitable for cement production and in turn offer lucrative prospects in cement production. The government also offers several concessions for the growth and development of the cement industry. At present there are nine major and twelve minor cement units in the state.

The State ranks third in India for producing iron ore and it contribute 28 percent of India's sponge iron production. The advances machineries, tools and equipment used in the iron and steel industry helps in encouraging and enhancing the productive capacity. In 2007-08 the State produced around 31.6 million tonnes of iron-ore amounting to approximately US\$ 765 million and some of the notable steel units is the Bhilai Steel Plant which efficiently produces considerable amount of steel products round the year.

In July 2001 the government has declared Chhattisgarh as 'Herbal State' but the herbal industry is not very organized. It has been proposed to develop an herbal-medicinal park, which will have potential to attract an investment of about US\$ 60.97 million. The projects will be implemented through the Public Private Partnership (PPP) model and is expected to be completed by 2014.

The government in Chhattisgarh has decided to introduce its new Industrial Policy (2009-14). The new five-year industrial policy will be aimed at removing all bottlenecks in bringing investments to the sector, while safeguarding the interests of small and medium industries in this mineral rich State.

To foster the growth and development of a competitive IT industry in the State, the government has initiated a separate IT and ITeS Policy which provides many incentives and concessions to encourage investments. Incentives and concession like subsidy on term loans, capital investment subsidy, allot plot on concession rate, exemption on stamp duty on acquisition of new property etc.

To enable the State get optimal advantages of natural, bio-cultural and bio-knowledge heritage in a sustainable manner the government has established Biotechnology Policy. To

persuade investors, many incentives and concessions are made available to boost investments in this sector, for instance, interest subsidy, uninterrupted power supply, low cost of electricity, bioinformatics units would be exempted from pollution control regulations etc.
