

Jharkhand - Introduction

The state of Jharkhand was carved out of the southern part of the erstwhile-undivided state of Bihar in 2000. Famed for its mineral wealth and forest products, it has 24 districts and covers an area of 79,714 sq km. The state accounts for about 40 percent of the country's mineral deposits like uranium, mica, bauxite, granite, iron ore, coal, copper, graphite etc. Owing to its large mineral resources, leading industrialized cities like Jamshedpur, Ranchi, Bokaro and Dhanbad are located in Jharkhand. Forests and woodlands occupy more than 29 per cent of the area in the state, amongst the highest in India.



Most of the workforce is engaged in agriculture, mining, quarrying, wage labour and other livelihood based on forest produce. In recent times, livelihood options of rural households like agriculture and non-timber forest products are under threat from considerable depletion of natural resources due to rapid industrialization. This has contributed to a large-scale seasonal and concurrent migration of population to urban areas. Employment in service and industrial sectors is generally limited to urban industrial pockets of the state.

The Gross State Domestic Product (GSDP) of the state exhibited an impressive growth. The GSDP amounted to US\$ 14 billion in 2004, which moved to US \$ 22.46 billion in 2010-11. But the per capita income is still below the national average. The per capita GSDP in the State in 2000-01 was INR 16,084 (at 2004-05 prices), which increased to INR 27,180 in 2010-2011. It is estimated that per capita income is likely to increase in the near future with increase in exploitation of the state's untapped mineral resources.

The structural composition of the economy has changed in recent years, which is largely driven by the secondary sector. The major contributions to GSDP have come from the secondary and tertiary sector. But the primary sector's contribution has fallen after the separation of Jharkhand from Bihar which resulted in the state



retaining bulk of the combined industrial units but losing the fertile Gangetic plain. The state is at the forefront in attracting investments and have already bagged investment of US \$ 110.5 billion as of March 2010. The bulk of this investment has come from manufacturing industry which accounted for 61.8 percent, followed by power sector i.e. 32.7 percent (Source-Centre for Monitoring Indian

Economy). Adequate physical and social infrastructure, such as power, telecom, urban infrastructure, water supply, hospitals, and educational institutions are being developed and would help the state to exploit its natural resources.

The state is connected by road, rail and air to the rest of the country. It has 12 National Highways, measuring 1,805 km and State Highways over 4,662 km. In July 2010, the State Government entered into an agreement with Asian Development Bank (ADB) for a loan of US\$ 200 million to fund a two-lane road stretching 311 km between Govindpur and Sahebganj. The total railway route length in Jharkhand is 1,955 km. The rail density is 26.7 km per 1,000 km. The state has extensive good-handling facilities available at Ranchi, Bokaro, Dhanbad and Jamshedpur stations. A domestic airport is located in the state capital, Ranchi. Jamshedpur, Dumka, Bokaro, Giridih, Deoghar, Hazaribagh, Daltonganj and Noamundi also have airstrips and chartered flights are available between the steel city of Jamshedpur and Kolkata. The Department of Civil Aviation of the state government has plans to acquire land to develop 12 more airstrips in the state.

Jharkhand is currently underserved in terms of telecom infrastructure. As of December 2009, Jharkhand had 504 telephone exchanges and 1.47-million telephone connections (including both wireline and mobile phones). It has a tele-density of 4.7 connections per 100 populations as compared to the national average of around 47.9. Over 92 per cent of the villages of the state have telephone access through exchanges or public call operators.

The infrastructure for collection of savings and disbursal of credit is not very strong in the state. Poor financial intermediation can be seen from the low coverage of banking facilities, high losses among rural banks (indicating poor lending practices),

and particularly low access to credit in rural areas. The average per capita commercial bank loan is lower than that for other advanced states.

As of March 2010, Jharkhand had a total installed power generation capacity of 1,942.9 MW, which comprised 1,324.1 MW under state utilities, 360.0 MW under the private sector and 258.8 MW under central utilities. Backed by large coal reserves in the state, about 90 per cent of the installed power capacity in the state is coal-based thermal power (1,737.8 MW). Besides, the state has 200.1 MW of installed hydropower capacity and 4.1 MW from renewable sources. However in order to meet the growing future demand The State is working on strategy to enhance its power generation capacity. It has inked many MOUs with many power generation companies to achieve the same.

Currently, the state has three Industrial Area Development Authorities (IADAs) headquartered at Adityapur, Bokaro and Ranchi. A fourth IADA is also being planned at Dumka. The state is establishing three-tier growth centres at mega, mini and micro levels. Provision of facilities and incentives to these centres include capital investment and interest subsidy, infrastructure support and priority in power allocation.



A Single Window System office is operational since August 2003, creating a favourable environment for business. A state-level committee for speedy clearance of projects has also been formed. The State Industrial Policy aims at infrastructure development, lesser number of regulations and speedy clearance of new projects.

Exports have not been commensurate to the state's potential. The resources remain largely unexploited due to inadequate infrastructure support and connectivity. For instance, Jamshedpur, which is an important manufacturing centre for a number of engineering products, is not connected by air with any capital city in the country. Tourism in the state also requires considerable infrastructural development to attract foreign tourists.

The State although surrounded many political and internal issues is trying its level best to overcome its constraints. It is making all effort to win the confidence and interest of the investors. The best way adopted by the government is to adapt with the changing business environment. Its well-timed single window policy, Industrial policy, IT policy and focus on development of the infrastructure are catching attention of the investors.
