

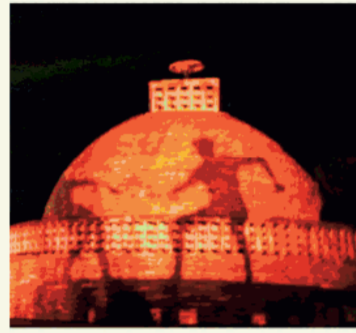
India's Heartland: In Step With Economic Development

On 18th October, Madhya Pradesh will keep its date with India Inc. with a business summit, in Indore, focused on serious investors and a vision for inclusive growth

FORTIFYING THE GROWTH AGENDA

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A go-getter politician with deft negotiating skills, and a pragmatic decision-maker with a penchant for innovative ideas and quick-witted humour, the 72-year-old chief minister of Madhya Pradesh, Kamal Nath, evokes admiration from his supporters and frustration from his opponents. And in his 10 months as head of the state government, he has used all these skills to deliver one of the crucial promises that he made during the assembly elections: job creation.



As the state government rolls out the red carpet for private enterprise in Magnificent Madhya Pradesh, its first business summit in Indore on 18th October, it will showcase the efforts made by Kamal Nath to ensure that India's heartland is one of the most favoured destinations for industry, both domestic and foreign. This has been possible because of the political will to marry the human and

natural resources of Madhya Pradesh with policy decisions that have ensured an investor-friendly ecosystem. Decisive initiatives have been taken in the regulatory framework and sector-specific policies rolled out to create an environment that is beneficial for all stakeholders – investors, the economy of Madhya Pradesh, and its 7.25 crore citizens. Some accommodative policies ushered in by

the state government include land pooling, a single-window clearance system that allows online filing and tracking of various state approvals, and a move away from delayed tax-based incentives to easy-to-compute growth- and development-focused incentives.

A rejuvenated Cabinet Committee for Investment Promotion has a hawkish focus on tracking approved investment in the state; and the Madhya Pradesh Industrial Development Corporation is focused on assisting industry. A new IT park is being planned, sector-specific incentive packages have been declared, and skilling facilities in partnership with private companies are being developed to meet the demands of industrial growth. But the winning factor in Madhya Pradesh is the receptiveness of the chief minister and the bureaucratic will to iron out any crease in the path of new businesses setting up shop in MP.

Madhya Pradesh has its benefits: by virtue of its central location, a vast land

bank and availability of labour. Surrounded by five states, operating from half of India's consumers. This strategic location is aided by the availability of 1.2 lakh acres of industrial land bank of which 48,000 acres is developed industrial area. To complete this framework of an industry-friendly ecosystem, the state government is encouraging and investing in skill development to ensure job creation.

Madhya Pradesh is a manufacturing base for several national and multinational companies, from John Deere to Eicher Motors to Kraft Food to Cipla and many more. The state is now focusing on increasing this tribe and expanding this success into newer sectors such as data distribution, IoT, and research and development. And in this path to high economic growth, good governance, receptive government and inclusive development remain the cornerstones of the Madhya Pradesh government.

ADVANTAGE MADHYA PRADESH

- Consistently revenue surplus since 2004-05, with around 8 per cent CAGR in GSDP over the past decade.
- Logistically the most attractive state in post-GST era – MP's border touches five other Indian states with access to nearly 50 per cent of the country's population.
- Naturally endowed to become the granary of India with 11 agro-climatic zones and five crop zones.
- Accommodative policies and sector-specific special incentive packages:
 - Tax delinked investment assistance of 10-40 per cent of gross fixed capital investment, based on location of industry, additional benefits for employment generation, export, use of clean tech.

THE AGENDA

- The day-long event has a stimulating agenda, beginning with the inauguration and address by chief minister Kamal Nath.
- Then, eight special sessions on the state's target sectors by anchor industrialists.
- The industrialists will interact with other summit participants in the presence of key government functionaries to discuss global perspectives, demands from the state government, scope of improvements.
- Cultural programmes and networking opportunities will close the day's programme.

'We are focused on employment-intensive sectors'

The architect of Magnificent Madhya Pradesh 2019, Chief Minister Kamal Nath, explained to ET the need for an investment summit to achieve inclusive growth. Excerpts:

With your finger on the pulse of the investor and the need of the state, you have envisaged an investment policy that has job creation at its centre. What are the investment and job creation targets that you have in mind?

We are focusing on sectors that are employment-intensive. We want to make sure that the state's youth get employment as per their skill set. Additionally, the state has identified various food sectors, which have huge potential for employment generation. **Food Processing Sector:** It is one of our traditional food sectors as we are the largest producer of some of the agri-commodities. **Automobile and Engineering:** Indore, Pithampur and Mandideep are India's leading auto clusters with the presence of major players.

Pharma: Pharma clusters are located in Indore, Dewas, Bhopal and Mandideep. Madhya Pradesh exported pharmaceutical products worth US\$ 2.85 billion in 2018-19. **Textile and Garments:** We are one of the major cotton-producing states of India. In 2017-18, cotton and silk production in the state reached 2,859 MMT and 105 MMT, respectively.

Warehousing and Logistics: The sector is our focus considering our strategic central location. Logistically, we are the most attractive state in the post-GST era. **IT & ESDM:** Indore, Bhopal, Jabalpur and Gwalior are home to IT companies. Fiscal and non-fiscal incentives are available.

Tourism: Apart from reshaping our tourism policy, we have exclusive policies for government land/heritage property allotment, wayside amenities, water tourism, camping and adventure.

You have been wary of investment summits; experience shows that most of the committed investment never materialises. What prompted you to host Magnificent MP?

Magnificent Madhya Pradesh is not an investor summit as organised by the previous government. It is a forum to bring together industry stalwarts and government representatives to deliberate on current opportunities and challenges in various sectors. Our government wants to create an environment of trust for industries and we want to promote Ease of Doing Business in the real sense.

Magnificent MP gives us that opportunity to listen to what industry leaders have to say and respond in a positive manner. The

objective of this government is to promote inclusive growth.

We are going through an economic downturn; how difficult will it be to attract new investment?

The State government has initiated a thorough review of the existing Industrial Promotion Policy. We want to create a conducive environment for investment in the state and have focused on minimising red-tape. We are the only state in India with a tax-delinked industrial promotion policy and additional incentives for export-oriented units, high employment generation units, and units set up in industrially backward areas. We believe in the timely settlement of the incentive amount and are also committed to transparent and unambiguous policies.

Several industrial projects have flocked to the state since my government took charge. Investments worth over Rs 20,000 crore are in different stages of implementation now, leading to direct employment of 30,000 and indirect employment of 75,000.



KAMAL NATH, CHIEF MINISTER, MADHYA PRADESH

ANALYSIS OF INVESTMENT READY SECTORS

AGRO AND FOOD PROCESSING

MP is a prominent player in agriculture production – leading producer of soybean, gram, onion, and pulses; largest producer of wheat and green peas. MP boasts 10 food parks including two mega food parks, five agri export zones, 45 industrial areas and has a robust system of primary agriculture co-operative societies and agriculture mandis. The state also houses various processing units, and has a potential for further increasing the units with linkage to the proposed food parks.

GOVERNMENT INCENTIVES

- Mandi duty exemption (50% of investment in P&M or 5 years whichever is lesser).
- Government promoted food parks, spice parks and horticulture hubs.
- 15% of project cost (max of ₹ 5 cr) for establishing mega food parks.
- State-of-the-art warehousing facilities including cold storages.
- Stamp duty reimbursement.

ESDM

The state is promoting Electronic System Design and Manufacturing (ESDM) sector, as the Indian appetite is amongst the highest in the world. MP wants to be the front-runner in developing and providing ultra-modern infrastructure for the upcoming projects. MP proposes to set up facilities to upskill the workforce to attract companies looking at setting up research centres on AI, cloud computing etc. The state has created infrastructure and support facilities with EMC (electronic manufacturing clusters) clusters in Bhopal, Indore, Jabalpur, and Gwalior. In addition, MP ranks in Top 5 states in terms of Ease of Doing Business in India.

GOVERNMENT INCENTIVES

- Financial incentives under IT policy and Analog Semiconductor Fabrication Policy of the state.
- Concessions in land, tax reimbursements, capital subsidy and interest subsidy.
- Single window clearance to ESDM units.
- Land use exemption on existing floor area ratio (FAR).

PHARMACEUTICALS

MP's pharmaceutical sector has an annual turnover of \$100 billion. The state employs 45,000 people in the sector and has around 300 companies. Pithampur SEZ is a major manufacturing hub for the pharma sector. Madhya Pradesh has exported pharma products worth Rs 6,500 crore in 2018-19 from SEZ Indore. The state provides a strong ecosystem for the sector with ancillary units in Pithampur, Indore, Jabalpur, Dewas, Bhopal, Ujjain and others. Indore is the largest producer of pharma like tablets, capsules, and formulations in the country. MP is coming up with a Center for Perishable Cargo, which will enhance pharmaceuticals export.

GOVERNMENT INCENTIVES

- FDA online has been created as a single window facility.
- Grant of manufacturing licence under test/Analysis.
- Timelines for approvals set under MP Public Service Guarantee Act 2010.
- Application tracking facilities.
- Inclusion of additional items in already existing drug manufacturing licence.

TEXTILES

MP is a major cotton producing state – comprising almost 4.5 per cent of the country's cotton production. The state is also a leading producer of silk with production having topped 200 million metric tonnes. The state has many institutes – NIIT, Bhopal; NID, Bhopal; and IITDM, Jabalpur – which provide skilled manpower to the state's textile sector. readymade garment industry cluster at Indore houses 1,200 units with an apparel design center. MP also provides major land parcels for the sector with 99 years' lease and sublease.

GOVERNMENT INCENTIVES

- Assistance of 15 per cent up to ₹ 5 crore for setting up textile parks.
- Incentive of 10-60 per cent (up to ₹ 270 crore) of gross fixed capital investment.
- Additional incentive of 1.2 times of investment in priority district, 1.5 times for employment generation and 1.2 times for export.
- Capital subsidy of up to ₹ 25 lakh for using clean and green technologies.

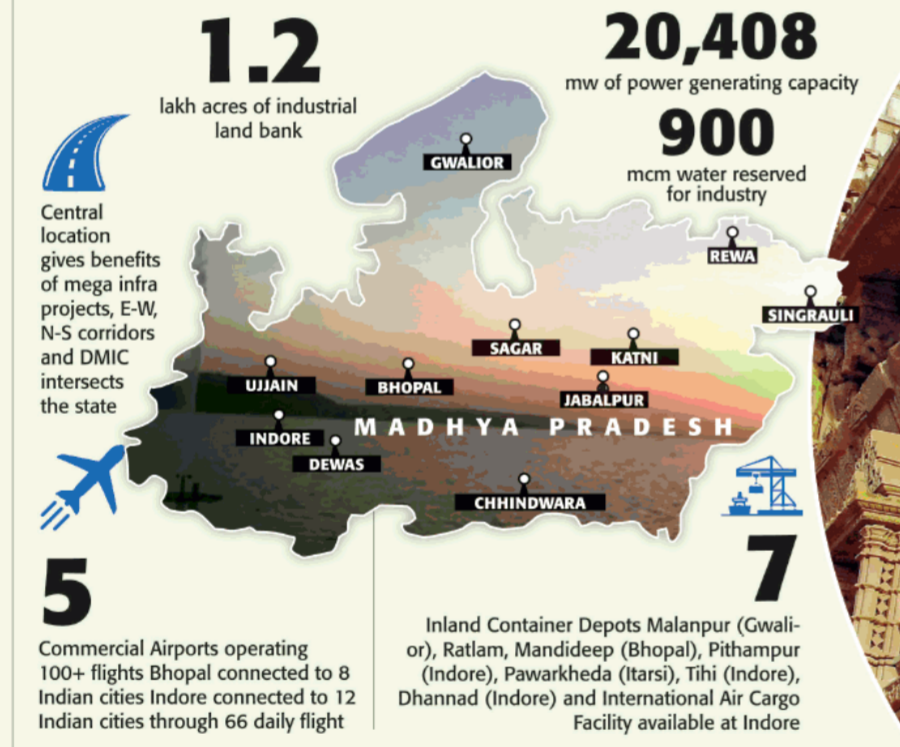
'This summit is not about headline-grabbing figures'

Madhya Pradesh Chief Secretary, **Sudhi Ranjan Mohanty** speaks to ET's **Suchetana Ray** and **Nishita Chandak** to explain the real intent behind Magnificent MP. Excerpts: **Why should an investor invest in Madhya Pradesh (MP), especially in times of recession?**

There are several sectors in MP that are crying out for investment and exploration for both commercial and economic gains. In the new GST regime – where location of market and raw materials don't matter – distribution and logistics are the key concerns. The strategic location of MP is important to investors in logistics; it is surrounded by five states and about 50 per cent of India's population. This explains why the third and the largest logistics hub of RIL is coming up in MP. Secondly, MP

has about eleven agro-climatic zones, which ensures that a variety of crops are grown here, from rice to wheat to horticultural crops. So agri-processing too is screaming out for investment. The third sector is mining where new minerals are being discovered in addition to the existing and proven reserves. Fourth is tourism. Then there is pharmaceuticals, where MP is slowly becoming one of the largest manufacturing hubs.

What is the biggest advantage of investing in MP? Our investment policy. It's not a one-size-fits-all; we acknowledge the different needs of different sectors. So, we have 8-10 different policies for as many industries. And we negotiate with each investor to match their needs with our policies. We will keep working on our policies to facilitate ease of doing business.



POLICY PUSH

The state has already initiated a land pooling scheme. MPIDC is running a pilot project of land pooling, procuring and assembling land from owners who are willingly giving up their land for shared development, at Pithampur sector 5. This will create a new industrial land pool of around 400 hectares. Compensation for land will be a mix of cash (twice the collector guidelines rate: 20 per cent) and allocation of alternate developed land (in the form of residential/commercial plots; 80 per cent).

MP's industrial promotion policy has job creation at its centre and mandates 70 per cent local hiring for industries; it is also sector-specific and district specific. With this, the state aims to improve investor facilitation and create a supportive regulatory and policy environment. Key measures include single-window system of application and tracking of clearances, sector-specific incentives, establishing a 'land bank', infrastructure upgradation, skill development, encouraging go-green strategies, promoting industrial parks for cluster development, regulatory simplification, inclusive growth, and investment corridors.

MPIDC acts as a single window secretariat for state approvals to industry.

INVEST portal allows online filling and tracking of clearances required to set up business.

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'₹35,000-cr investment cleared already'

Rajesh Rajora, Principal Secretary, Department of Industrial Policy and Investment Promotion, Madhya Pradesh, spoke to ET's **Suchetana Ray** and **Nishita Chandak**. Edited excerpts: **How successful has your investment policy been so far?**

Manufacturing sector has been showing a downward trend in India, but in MP, it is not under so much stress. The kind of projects that MP has been attracting in the past 8-9 months has been phenomenal. Mega projects worth ₹15-16,000 crore have been cleared by the CCIP in these

months. If you talk about projects other than mega projects involving MSMEs, IT, health-care, education, tourism, etc., the total investment that MP has cleared so far is around ₹35,000 crore.

You have promised your investment policy to the needs of each district of MP. How will you achieve that? While other states are stuck on tax benefits, we have moved to a system of incentives based on investment promotion. The incentive range is 10-40 per cent of investment in plant and machinery.

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Exemptions in Mandi duty, stamp duty for food processing industry.

Assistance of 35 per cent of expenditure up to Rs 5 crore on setting up cold chains.

Interest subsidy for textile industry – 5-7 per cent.

Electricity duty exemption and concessions on power tariff.

Investment assistance of 15 per cent of project cost for warehousing & logistics sector, food parks, textile industrial parks.

Infrastructure development assistance – 50 per cent assistance or Rs 1 Crore (max of ₹ 3 crore) for developing power, water & road infrastructure, on private land or getting undeveloped government land.

Land at Rs 500-3,000 per sq. metres, water at Rs 24-30 per kilo litre, and power starting at Rs 5 per unit.

Cabinet Committee on Investment Promotion (CCIP) to fast track investments.

KEY PARTICIPANTS

The MP government is targeting 1,000 genuine investors in Magnificent Madhya Pradesh. Some of the marquee names who have confirmed include:

- Kumar Mangalam Birla, Chairman, Aditya Birla Group
- Adi Godrej, Chairman, Godrej Group
- Rajinder Gupta, Chairman, Trident Group
- Ravi Jhunjhunwala, Chairman, Managing Director & CEO, HEG
- Dilip Shanghvi, Managing Director, Sun Pharma
- N. Srinivasan, Vice Chairman & Managing Director, India Cements
- The government has also received confirmations from Cummins India, Dalmia Bharat, Welspun, Blue Star, Eicher Motors, Hindalco Industries, Ajanta Pharma, and Daawat Foods, among others.

RENEWABLE ENERGY

The state is blessed with solar radiation and several suitable wind energy development sites. Madhya Pradesh ranks high in cumulative installed solar capacity. MP's Renewable Energy Service Company (RESOCO) tender in India has achieved the lowest solar power tariff – ₹1.38/kWh with 45 per cent subsidy (25 per cent from Govt + 20 per cent from GoMP). The state government has identified 643 project sites and grouped them into 27 project groups based on nature and creditworthiness of the procurer. The state has created a virtual data room to monitor and assess locations.

GOVERNMENT INCENTIVES

- State guarantee to ensure timely payment by power buyers.
- Strong contractual arrangement to ensure policy consistency to insulate companies from any changes.
- Innovative data room for monitoring land availability.
- 80 per cent land made available by states even before bid starts.
- MP has just approved the renewable energy storage policy.

AUTOMOBILES

Pithampur Auto Cluster – spread across 2,000 hectares with over 120 large units and 450 SME units – and Dewas are two important auto clusters for the sector. National Automotive Test Tracks (NATRAX) near Pithampur is Asia's largest auto testing track. The state has world class infra such as industrial parks, ICs and industrial corridors. The state has over 200+ engineering colleges and 1,000+ ITIs/Polytechnics which provides high-skilled technical manpower for the auto industry, along with skill development institutes like Indo-German Tool Room and Symbiosis University of Applied Sciences.

GOVERNMENT INCENTIVES

- NATRAX is being developed as a testing ground for vehicle dynamics and automation.
- State government is investing in developing Pithampur as an automotive hub.
- Government to set up incubation stamp duty and registration fee on Instrument of Mortgage.
- Power duty exemption for 5 to 10 year for new high tension connection.

WAREHOUSING AND LOGISTICS

MP's border touches five other Indian states and its strategic location gives the state the potential to become India's logistics hub. The state has a network of seven Inland Container Depots (ICDs), which are set up by private players, indicating interest in the logistics and warehousing space. Additionally, International Air Cargo facility is available at Indore. MP has 120,000 acres of industrial land in MPIDC's industrial areas. CM Kamal Nath has a special interest in the sector and is also running a pilot project for land pooling.

GOVERNMENT INCENTIVES

- Investment assistance (maximum of Rs 15 crore) on Gross Fixed Capital Investment.
- Infrastructure development assistance (maximum of Rs 1 crore) to construct access infrastructure.
- 100 per cent reimbursement of stamp duty and registration fee on Instrument of Mortgage.
- Power duty exemption for 5 to 10 year for new high tension connection.

TOURISM

Madhya Pradesh is a state of beautiful culture, historical places, hill stations, and rich wildlife experiences. MP has three world heritage sites – in Sanchi, Bimbetka and Khajuraho, nine national parks, and 25 wildlife sanctuaries. The state has a vision to promote a balanced and sustainable tourism which enables socio-economic development. MP has divided tourism into sectors such as cultural, pilgrim, leisure, wildlife etc. with target interventions in each of them. The state is also promoting filming in the state with regions like Bhopal, Pachmarhi, Orchha, and Bhedaghat marked as potential zones.

GOVERNMENT INCENTIVES

- MP has created a special tourism zone – Salkapur, Chitrakoot, Panna, Choral, Maheshwar and Amarkantak.
- Home stay scheme for all property owners to facilitate comfortable stay for tourists and income for property owners.
- Subsidy for renovation of heritage hotels and for budget hotels.
- Exemption in tax on for new heritage hotels.



INVESTOR
SPEAK

“ We felt that the bureaucracy in Madhya Pradesh in terms of proactiveness is very forward-looking. Skills have remained a focus of the MP government. There is a lot of raw human talent that is available in the state. If these people are nurtured, they can be a huge asset for industry coming to MP. The state is well-suited to emulate the experience of Singapore where we saw that if you upgrade human talent, then inevitably industry will invest in the state

SAURABH JOHRI, Planning Specialist, Education and Skills, Asian Development Bank



“ Ease of doing business and greater transparency have helped Madhya Pradesh position itself as a favourable investment destination. Policy stability and sanctity of contracts are key requirements that help sustain global investor interest

VIPUL TULL, Managing Director, Sembcorp Energy India Limited



9 Existing smart industrial park with world class infrastructure and facilities, SEZs, IT parks, mega food parks, auto clusters and Asia's largest auto testing track, NATRAX.

10 Abundant skilled manpower; large number of engineering colleges (200+), polytechnics and ITIs (1,000+).

11 One of the lowest cost of living index with least man-days lost from industrial disruption.

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GOVERNMENT
SPEAK

“ MP aims to provide an enabling environment for business in the state where industry can prosper and the state and its people can benefit from it. Our single window clearance system has greatly improved the ease of approvals. It is transparent, real time and can be tracked online

VIVEK PORWAL, Managing Director, MPIDC



“ Transparent tender processes where the developer of renewable energy knows the procurer, because the state government chooses the final buyer, along with that there is payment security provided by the state, wherein we give state guarantees to ensure timely payments from DISCOMs. All these factors make Madhya Pradesh attractive for renewable energy developers

MANU SRIVASTAVA, Principal Secretary, New and Renewable Energy, Madhya Pradesh



“ Madhya Pradesh has a rich set of skilled manpower and to meet the industrial needs and demands, we have collaborated with ADB to develop 10 existing ITIs and also create 'Global Skills Park' where the state will engage with training partners like ITE, Singapore to support advanced training. This entire initiative will train approx. 15,000 students per year

PRAMOD AGARWAL, Principal Secretary, Technical Education & Skill Development, Madhya Pradesh



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