State Economy and Socio Economic Profile
Chhattisgarh — a snapshot

- Constituted on November 1, 2000, Chhattisgarh is one of the newest states in India.
- The state covers a geographical area of 135,000 sq. km.
- The state was formed out of 18 districts of Madhya Pradesh and continues to have 18 districts.
- The state shares borders with six states: Madhya Pradesh to the west and northwest, Uttar Pradesh to the north, Jharkhand to the northeast, Orissa to the east, Maharashtra to the southwest and Andhra Pradesh to the southeast.
- The climate is mainly tropical, humid and sub-humid.

- Mahanadi is the principal river of the state.
- The state is divided into three regions, namely, northern region, central plains and southern region.
- The central plains region is known as the ‘Rice Bowl of Central India.’
- Raipur is the state capital.
Socio-economic profile (1/2)

• Population of Chhattisgarh—20.8 million (2 per cent of India) as per the 2001 Census
• 80 per cent of the total population lives in rural areas and the remaining 20 per cent lives in urban areas
• Population density is 151 persons per sq. km
• Human development index—0.471 as per the United Nations Development Programme (UNDP)
• Sex ratio—989 females per 1,000 males
• Scheduled tribes (ST) and scheduled castes (SC) constitute 43.4 per cent of the state’s population

• Literacy rate has improved steadily from 42.91 per cent in 1991 to 64.7 per cent in 2001, registering a growth of 21.79 per cent
• Social development index—36.35 for urban areas and 28.87 for rural areas

## Socio-economic profile (1/2)

<table>
<thead>
<tr>
<th>Demographic profile (2001)</th>
<th>Chhattisgarh (per cent of population)</th>
<th>India (per cent of population)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>80</td>
<td>72.2</td>
</tr>
<tr>
<td>Urban</td>
<td>20</td>
<td>27.8</td>
</tr>
<tr>
<td>Scheduled caste</td>
<td>11.6</td>
<td>16.2</td>
</tr>
<tr>
<td>Scheduled tribe</td>
<td>31.8</td>
<td>8.2</td>
</tr>
</tbody>
</table>

*Source: Census, 2001; Integrated Health and Population Policy Chhattisgarh, 2006; Council of Social Development, 2006*

40 per cent of the state is under forest area and over 40 per cent of the population consists of SC/ST
State economy

- Registered a gross state domestic product (GSDP) growth of 15.1 per cent at current prices and 10 per cent at constant prices (1999-2000) for the year 2005-2006
- The tertiary sector registered a growth of 7.78 per cent, primary sector grew by 6.32 per cent and the secondary sector registered the highest growth of 14.7 per cent
- Net per capita income at current prices has risen from US$ 418.93 in 2004-2005 to US$ 474 in 2005-2006, marking a growth of 13.16 per cent
- Almost 80 per cent of the population is dependent on agriculture or agriculture-related occupations
- Richest state in terms of mineral wealth, with 28 varieties of major minerals, including diamonds

* Provisional ** Estimated

GDP 2000 - 2006

<table>
<thead>
<tr>
<th>Year</th>
<th>At Current Price</th>
<th>At Constant Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>6.47</td>
<td>6.53</td>
</tr>
<tr>
<td>2001-02</td>
<td>7.4</td>
<td>7.5</td>
</tr>
<tr>
<td>2002-03</td>
<td>7.25</td>
<td>8.09</td>
</tr>
<tr>
<td>2003-04</td>
<td>8.5</td>
<td>9.85</td>
</tr>
<tr>
<td>2004-05</td>
<td>8.9</td>
<td>10.66</td>
</tr>
<tr>
<td>2005-06</td>
<td>9.79</td>
<td>12.27</td>
</tr>
</tbody>
</table>

* Provisional ** Estimated

Sectoral contribution to GSDP at current prices (2005-06)

- Tertiary: 37%
- Primary: 31%
- Secondary: 32%

Source: Socio Economic Survey, 2006 - 07
Infrastructure Status
Physical infrastructure

Connectivity

- By air: Two airports and four air strips; one commercial domestic airport at Raipur, an airport in Bilaspur and air strips in Bhilai, Jagdalpur, Sarguja and Korba
- By rail: Well connected with a good quality railway network. Raipur and Bilaspur are the two major railway stations, which connect Chhattisgarh to other major cities and towns of India
- By road: National highways (NH) 6, 16 and 43 connect major cities and towns of Chhattisgarh to other parts of the country

Source: Socio Economic Survey, 2006 - 07
Physical infrastructure

- Chhattisgarh is known as a surplus power state.
- Total installed capacity is 6,493.94 MW
- Almost the entire generation (95.76 per cent) is coal-based thermal generation
- Hydel power accounts for only 137.85 MW, a mere 2.12 per cent of the total
- Thermal power generation accounts for over 90 per cent of Chhattisgarh’s power capacity
- Korba West Power Station has a generation capacity of 840 MW—the highest in the state
Urban infrastructure

• Rate of urbanisation in the state is 17.4 per cent as against the national average of 29 per cent
• The state government plans to transform Raipur into a modern city. City and Industrial Development Corporation (CIDCO) of Maharashtra has been appointed as the advisor for this project, named Capital City Project
• Chhattisgarh plans to renew urban infrastructure in the state by undertaking initiatives in areas such as water supply and sanitation, solid waste management, roads, bridges, housing, commercial complexes, fire fighting service, street lighting, etc.
Industrial infrastructure (1/2)

- The five industrial growth centres in the state are located at Urla (815 hectares), Siltara (1290 hectares) in Raipur district, Sirgitti (431 hectares), Anjani (48 acres) in Bilaspur district and at Borai (437 hectares) in Durg district.
- To meet the increasing demand for land for new industrial units, the state government has decided to set up four ‘Star Industrial Areas’ on 6,836 hectares in the districts of Bilaspur, Raigarh, Rajnandgaon and Raipur. The state government is also focussing on the development of industrial parks/clusters to support the growth of special thrust industry sectors such as food processing, gems and jewellery, metals, apparels and pharmaceuticals.
- A metal park (export promotion industrial park) is being set up in Rawabhata near Raipur to promote export of metal products from the state.
## Industrial infrastructure (2/2)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Developer</th>
<th>District</th>
<th>Sector</th>
<th>Area (in hectares)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEZs (formal approval)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Naya Raipur Development Authority (NRDA)</td>
<td>Naya Raipur</td>
<td>IT/ITeS</td>
<td>10.77</td>
</tr>
<tr>
<td><strong>SEZs (in-principal approval)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Writers and Publishers Limited</td>
<td>Raipur</td>
<td>Multi-product</td>
<td>2,000</td>
</tr>
<tr>
<td>3</td>
<td>M/s. Chhattisgarh Infrastructure Ltd.</td>
<td>Raipur</td>
<td>Gems and Jewellery</td>
<td>29</td>
</tr>
</tbody>
</table>
Social infrastructure

Educational infrastructure

• About 81,658 students study in the 116 government colleges in the state

• Chhattisgarh's social performance (as measured by the Human Development Index in 2001) shows that certain parts of the state (Durg (0.62), Raipur (0.56) and Korba (0.56) have a better developed social infrastructure as compared to other districts in the state. This may be attributed to industrialisation and better infrastructure network in these regions

• 15 engineering colleges, 10 polytechnic institutes, eight private pharmacy colleges and two medical colleges in the state
Social infrastructure

Health infrastructure

• 717 primary health centres and 4792 sub-health centres in the state

• All districts in Chhattisgarh have sexually transmitted diseases (STD) clinics

• 12 districts in the state have blood bank facilities
State Policies and Incentives
Industrial policy (2004–2009)

The state’s industrial policy and initiatives are directed towards achieving rapid economic growth and regional balance by adhering to the following objectives:

• To create a favourable investment environment for increasing industrial production
• To create additional employment opportunities by accelerating the process of industrialisation in the state
• To create an enabling environment for ensuring maximum value addition to the abundant, locally available mineral and forest-based resources
• To ensure balanced regional development by attracting industries in the economically backward areas of the state

• To ensure participation of SCs, STs and other weaker sections in the development process
• To make industrial investments in the state competitive vis-a-vis other states in the country
• To promote private sector participation for creation of industrial infrastructure in the state
• To create an enabling environment for increasing industrial production, improving productivity and quality upgradation to face the challenges of competition emerging from economic liberalisation
Mineral policy

The State Mineral Policy, 2001, envisages the establishment of an investor-friendly business environment in the mining sector to attract both domestic and international private sector investors, with the following objectives:

• To provide facilities for maximum participation of the state’s population in minerals-based industries by maintaining transparency to increase revenues from minerals
• To develop mineral resources with a priority for export-oriented minerals, strategic minerals and base metals
• To attract private and foreign participation/investment for high-value minerals (gold, base metals and diamonds) and energy fuels

• To introduce new technologies, equipment and R&D facilities to increase the extraction and improve the quality of mineral resources and their utilisation
• Implementation of the Granite Conservation and Development Rules, 1999
• To formulate measures to check illegal mining and pilferage of mineral revenue
• To develop a knowledge base and ensure sustainable supply of raw materials for mineral-based industries established within the state through the state mining corporation
Energy policy

Chhattisgarh has surplus electricity and, therefore, has immense potential for coal-based thermal power generation. The main objective of the State Energy Policy, 2001, is to accelerate the pace of development of the state and to bring it at least at par with other developed states. To ensure availability of reliable and cheap electricity to every section of the society, both in rural as well as urban areas. The objectives being:

- To ensure provision of electricity to farmers for agricultural purposes
- To provide quality power at reasonable rates to industries as per their requirement
- Power generation through captive power plants for industries
- To increase power generation capacity by means of renovation, modernisation and innovation (solar, biomass, biogas, hydel, etc.)
- To ensure power sector reforms, energy conservation and management
- To enable and ensure consumer satisfaction
IT and ITES Policy

The state IT and ITES policy has been designed to create an enabling environment that promotes the growth of the local IT industry in the state. The state has set the following targets to measure the progress and effectiveness of its IT and ITES policy:

• To foster the growth and development of a competitive IT industry in the state by ensuring anytime and anywhere connectivity
• To provide all citizens with widespread and easy access to government services at an affordable cost and in the local language by setting up integrated service delivery centres (ISDC) across the state
• To ensure 100 per cent IT literacy in all schools and colleges in a phased manner
• To promote local entrepreneurs who are willing to invest in improving IT infrastructure in the state
• To increase investments to support the IT industry and create employment opportunities
• To be a significant contributor to India’s IT output by 2020

The Chhattisgarh Infotech and Biotech Promotion Society (CHIPS) has been set up to give impetus to IT growth in the state and implement initiatives for overall socio-economic development.
State-level incentives

The state provides targeted incentives for industrial investment in the state in the form of:

• Interest subsidy
• Infrastructure development/capital investment subsidy
• Exemption from electricity duty
• Exemption from stamp duty
• Exemption from entry tax
• Allotment of plots at concessional premium in industrial areas
• Exemption from land diversion fee
• Reimbursement of project report expenses
• Quality certification subsidy

• Technology patent subsidy
• Interest subsidy for technology upgradation, etc.

Information technology, biotechnology and advanced technology industries have been declared as the special thrust industries in the Chhattisgarh State Industrial Policy and will be entitled for additional direct and indirect incentives.
Business Opportunities
Key industry sectors

Chhattisgarh is India's newest and one of the fastest growing states. A conducive labour environment, cheap power, sufficient water resources and availability of land at lower cost make Chhattisgarh a favourable location for industrial investments. Some of the key thrust sectors where Chhattisgarh holds advantage over other states are mining, power, cement, iron ore and steel.
Mining

- Richest state in terms of mineral wealth, with 28 varieties of major minerals, including diamonds
- Holds major share of coal deposits in India, which has led to its 'power hub' strategy
- Only state in India to have tin ore reserves
- Over one-fifth of iron ore in the country is mined here and one of the best quality iron ore deposits in the world is found in the Bailadila mines in the south of the state, wherefrom it is exported to Japan and other countries
- Rich deposits of bauxite, limestone, dolomite and corundum are found in the state, making it the ideal location for the lowest cost of production of end-products such as cement, aluminium, etc.

### Reserves of important minerals in Chhattisgarh

<table>
<thead>
<tr>
<th>S. No</th>
<th>Mineral</th>
<th>Unit</th>
<th>India</th>
<th>Chhattisgarh</th>
<th>% of reserves in India</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Iron ore</td>
<td>Million tonnes</td>
<td>10,052</td>
<td>2,336</td>
<td>23.23</td>
</tr>
<tr>
<td>2</td>
<td>Coal</td>
<td>Million tonnes</td>
<td>204,652</td>
<td>35,375</td>
<td>17.28</td>
</tr>
<tr>
<td>3</td>
<td>Bauxite</td>
<td>Million tonnes</td>
<td>24,622</td>
<td>96</td>
<td>3.89</td>
</tr>
<tr>
<td>4</td>
<td>Limestone</td>
<td>Million tonnes</td>
<td>75,658</td>
<td>3,580</td>
<td>4.73</td>
</tr>
<tr>
<td>5</td>
<td>Dolomite</td>
<td>Million tonnes</td>
<td>4,386</td>
<td>606</td>
<td>13.81</td>
</tr>
<tr>
<td>6</td>
<td>Tin Ore</td>
<td>tonnes</td>
<td>28,907</td>
<td>28,894</td>
<td>99.96</td>
</tr>
<tr>
<td>7</td>
<td>Gold</td>
<td>tonnes</td>
<td>68</td>
<td>3</td>
<td>4.41</td>
</tr>
<tr>
<td>8</td>
<td>Corundum</td>
<td>tonnes</td>
<td>-</td>
<td>25</td>
<td>-</td>
</tr>
<tr>
<td>9</td>
<td>Quartzite</td>
<td>Million tonnes</td>
<td>2,707</td>
<td>44</td>
<td>1.62</td>
</tr>
</tbody>
</table>

Source: Directorate of Geology and Mining, Government of Chhattisgarh, Chhattisgarh State Industrial Development Corporation
Power

- Chhattisgarh has had a robust power sector since its very inception.
- National Thermal Power Corporation (NTPC) has an installed thermal capacity of 2,100 MW, while the state electricity board units have a thermal capacity of 1,280 MW and a hydel capacity of 130.85 MW.
- Apart from NTPC and Chhattisgarh State Electricity Board (CSEB), there are a number of private generation units of large and small capacity operating in the state.
- The private players have been attracted to this sector mainly on account of the liberal policy of the government with regard to captive generation.

- As per Power Finance Corporation Ltd., Chhattisgarh has the potential for 61,000 MW of additional thermal power (due to availability of coal) and more than 2,500 MW of hydel capacity.
Cement

- Widely occurring limestone reserves account for a strong cement sector.
- 3,580 limestone reserves at present contribute 4.73 percent to the total limestone reserves in India.
- Nine major and 12 minor cement units present, with majority of the cement production units concentrated in the Raipur area.
Iron ore and steel

- The state is the iron and steel hub of the country. The Bhilai Steel Plant of Steel Authority of India Ltd. (SAIL) produces over 4 million tonnes of iron and steel per annum. Substantial capacities have been set up in the private sector too.

- 28 per cent of India's sponge iron production comes from Chhattisgarh. There are more than 10,000 iron ore reserves out of which the state contributes more than 23 per cent of the production in the country.

- The state ranks third among all the iron ore producing states in India.

- In 2005-2006, around 25.5 million tonnes of iron ore amounting to approximately US$ 280 million was produced in the state. Between 2006 and 2007, December 2006 witnessed around 18.27 million tonnes of iron ore production.

Source: Chhattisgarh State Industrial Development Corporation
Other potential industries (1/5)

The business perception survey of Chhattisgarh carried out by CII in 2006 made the following observations:

• Besides major sectors such as steel, power and mining, there is high growth potential for various sectors in the state promising an all-round development

• Infrastructure and IT are perceived as major growth sectors. Growth is expected in the sponge iron sector as well. Integrated steel plants look most suited to survive

• The government is focussing on herbs and medicinal plants, gems and jewellery, and the food processing sector with proposed industrial parks and SEZs for these potential sectors
Other potential industries (2/5)

Potential growth sectors in Chhattisgarh

- Sponge iron
- Biotechnology
- Information Technology
- Autoparts
- Entertainment/retail
- Tourism
- Power

People survey
Other potential industries (3/5)

Several industries that offer tremendous potential for investment have been identified. The government initiatives have provided thrust for the growth of these industries in Chhattisgarh

**Food processing industry**

The Government of Chhattisgarh (GoC) has proposed setting up a food processing park in the state. The park will be located at Joratarai (40 km from Raipur) on 75 acres of land. The project development is in full swing and will be implemented through the PPP mode. The park was expected to commence operations from 2008

**Herbal and medicinal industry**

It has been proposed to develop a herbal medicinal park in Banjari and Bagaudh villages of KurudhTehsil (30 km from Raipur) in Dhamtari on about 154 acres of land. The project development cost of this park would be about US$ 6.09 million to US$ 8.53 million (approx.). The park will have about 500 units and has the potential to attract an investment of about US$ 60.97 million. The project will be implemented through the PPP mode
Other potential industries (4/5)

**Gems and jewellery industry**

The GoC is planning to establish a gems and jewellery special economic zone (SEZ) to carry out value addition within the state and attract new investments in the sector. The GoC is coming up with its own SEZ policy, which would provide incentives in terms of mining rights, etc. The industrial policy, and other policy initiatives and incentives are designed to boost industrial infrastructure in the state. The gems and jewellery SEZ will be developed on about 70 acres in the new capital area of Raipur.

**Apparel industry**

The Chattisgarh State Industrial Development Corporation (CSIDC) is establishing an apparel park on about 20 hectares for the development of textile and textile-based industries in the state and to attract new investment in the sector. It is proposed in the ‘Light Industrial Area’ of New Raipur, the proposed capital of Chhattisgarh. Infrastructure development is in progress and the park will be ready by the end of 2008.
Other potential industries (5/5)

Aluminium/metal industry

The state proposes to develop an aluminium park for downstream products. It will house more than 100 industrial units to manufacture various aluminium/metal products required in the civil aviation, automobile and construction sectors. It is proposed at Bhanpuri near Raipur. It will be ready by the end of 2008.
Export profile of Chhattisgarh (1/2)

- 17 per cent of the companies in the state are engaged in exports.
- Major products exported include rice, cement, steel and forest products.
- The most favoured port is Vishakhapatnam in the state of Andhra Pradesh as the logistics’ cost incurred elsewhere is much higher. Vishakhapatnam port is followed by Paradip port in Orissa and Nava Sheva port in Maharashtra.
- 83 per cent of the companies in Chhattisgarh sell their products in the domestic market. However, it has been observed that many companies book their products for export through other states.

### Year-wise Exports:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (US $ Million)</th>
<th>Growth %</th>
<th>% share in exports from India</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>104</td>
<td>-</td>
<td>0.17</td>
</tr>
<tr>
<td>2003-04</td>
<td>258</td>
<td>148.70</td>
<td>0.36</td>
</tr>
<tr>
<td>2004-05</td>
<td>342.48</td>
<td>32.70</td>
<td>0.39</td>
</tr>
<tr>
<td>2005-06</td>
<td>397.5</td>
<td>16.08</td>
<td>0.36</td>
</tr>
</tbody>
</table>
The opening up and operation of services of the Raipur ICD may reverse the trend of booking exports from other states.

The volume of exports, value of exports and new orders are all showing a favourable upward trend and are expected to register higher growth in the future.

Nearly 75 per cent of exports emanate from Bhilai and the remaining from Urla, Bhanpuri, Sirgitti, etc. Major exportable products include steel, handicrafts, handlooms, blended yarn, food/agri products, iron, aluminium, cement, minerals and engineering products.
Investments in the state

- In 2006-07, 13 projects were sanctioned amounting to about US$ 570 million, which contributed 0.8 per cent to the total investments in the country.
- The Vedanta Group has plans to invest another US$ 2.44 billion for setting up a large aluminium plant in Chhattisgarh.
- CSEB to set up a 1,200 MW power plant at Korba with an investment of US$ 1.22 billion.
- US$ 1.22 billion worth of MoUs were signed with five private companies in the cement and steel sectors by the Vedanta Group.
- B C Jindal Group plans to invest over US$ 4.88 billion to produce 5,000 MW in the next five years.
- GMR plans to invest up to US$ 11.25 billion to develop the project over a period of three years.

States of major states in aggregate project costs

Source: Reserve Bank of India report, 2007
Source: http://chips.nic.in/newyork.htm
Key players in the state (1/8)

SAIL (Bhilai Steel Plant)

• One of the largest integrated steel plants of SAIL
• Sole producer of rails and heavy steel plates in the country
• Country’s sole supplier for 260-m long railway tracks. With an annual production capacity of 3.15 MT of saleable steel, it also specialises in other products such as wire rods and merchant products
• Accredited with ISO 9001:2000 Quality Management System Standard and ISO 14001 certification for its environment management systems
• Plans to invest US$ 5.5 billion up to 2012 in its integrated steel plants
Key players in the state (2/8)

National Thermal Power Corporation (NTPC)

• India’s largest power utility and sixth-largest thermal power generator in the world with an installed capacity of 2,100 MW
• One of the largest establishments in the city of Korba in Chhattisgarh
• Currently implementing India’s largest coal-based electricity plant at Sipat in Chhattisgarh with an installed capacity of over 3,000 MW, which is expected to cost over US$ 1.8 billion
Key players in the state (3/8)

National Mineral Development Corporation (NMDC)

- India's single largest iron ore producer and exporter
- Currently produces 15.75 million tonnes of iron ore from its three fully mechanised mines
- Currently operating two mines in Bailadila in Chhattisgarh
- Iron ore from this region is considered best for manufacturing steel as it contains almost 66 per cent super high-grade iron content that is free from sulphur and other deleterious materials
- Plans to open new mines in the Bailadila sector and a new iron ore mine at Kirandul in Dantewada district
Key players in the state (4/8)

Associated Cement Companies Ltd. (ACC Ltd.)

• One of the largest cement manufacturing companies in India with a production capacity of 16 million tonnes per annum
• India's largest refractory manufacturer and supplier, the largest research and consultancy organisation in the Indian cement sector and a pioneer in the area of advanced materials
• In Jamul, at Korba district, ACC has a cement plant with a production capacity of 1.58 million tonnes
• Revenues stood at US$ 1.934 million in 2007-2008
Jindal Steel and Power Ltd. (JSPL)

- One of the largest coal-based sponge iron manufacturers in India with 24 per cent market share in this product segment
- It is the world's largest coal-based sponge iron plant
- During the fiscal year ended March 31, 2007, the company produced 11,96,330 metric tonnes of sponge iron; 31,070 metric tonnes of ferro chrome; 8,05,675 metric tonnes of semi-finished steel products, 2,09,417 metric tonnes of finished steel; and 6,04,000 of calibrated iron ore
- Plans for setting up a coke oven battery and a sinter plant collectively worth US$ 270 million as support facilities and a 1,000 MW power plant
Bharat Aluminium Company Ltd. (BALCO)

- One of the largest producers of aluminum in India with captive bauxite mines, power plants, refineries and smelters
- Has two working units, one situated in Korba (an integrated aluminum complex) and another in West Bengal at Bidhanbag
- Plant at Korba produces almost 100,000 tonnes of aluminum every year and has the capacity of producing almost 270 MW of electricity
- Executing a US$ 863 million expansion plan to increase its aluminum production capacity from 100,000 tonnes per annum to 345,000 tonnes per annum
- Plans to set up a 540 MW electricity generation plant for captive consumption
Key players in the state (7/8)

Lafarge India Ltd.

- Part of the Lafarge Group, the world's leading cement and construction material company
- Total cement manufacturing capacity of Lafarge India is 5 million tonnes per annum
- Two cement manufacturing plants at Sonadih and Arasmeta with a capacity of 2 million tonnes per annum
- Plans to invest US$ 70 million for setting up 50 MW coal-based captive power plants for two of its units
- Also intends to set up a railway siding for its plant at Sonadih in Chhattisgarh, connecting Bilaspur railway station
Key players in the state (8/8)

Jayaswals NECO

- Formerly known as Nagpur Engineering Company Limited, it operates an integrated steel plant in Siltara, under the flagship of Neco Group of Companies
- Established its brand in construction castings and is the leading supplier of pipes, fittings and manholes
- Chhattisgarh plant was completed and commissioned on November 15, 1996
- Contains all auxiliary facilities along with 40 MW captive power plant, raw material handling plants, gas cleaning plants, etc.
Doing business in Chhattisgarh

Key approvals required for doing business in Chhattisgarh

• Prior to setting up business in the state, certain approvals are required from different departments. The approvals are taken from the state government in the following order:

**Step 1:** Allotment of plots/built-up sheds
CSIDC allots the plot for setting up a project depending on the nature of industry and scale of investment

**Step 2:** Signing of the lease deed
The lease deed is signed between the CSIDC and land applicant

**Step 3:** Water connection
The completed application form should be submitted to CSIDC, which is also responsible for providing the water connection

**Step 4:** Electricity connection
CSIDC is responsible for providing an electricity connection

**Step 5:** Pollution clearance
Application in prescribed format is submitted to the district trade industries centre* / State Investment Promotion Board with environment impact assessment report**

* For investment up to US$ 2.43 million
** For investment above US$ 2.43 million
Rich natural resources
Natural resources are the biggest strength of the state. It has rich deposits of limestone, iron ore, copper ore, rock phosphate, manganese ore, bauxite, coal, asbestos and mica. In fact, Chhattisgarh, along with Orissa and Jharkhand, accounts for over 80 per cent of the nation’s coal reserves. Chhattisgarh also has proven reserves of diamonds that can, in the future, be a large source of income for the state.

Surplus power
Chhattisgarh is currently one of the few states that has surplus power. This could be an important advantage for industrialists undertaking projects and taking investment decisions. Presence of low-grade coal makes Chhattisgarh an ideal location for setting up low-cost, pit head-based thermal power plants, capable of generating power to meet the requirements of other states.

Fiscal position
The fiscal deficit situation of the state is currently under control. It also has reliable sources of public finance and possesses no deficit on account of either the state electricity board or road transport corporation.

Relatively low land cost
With a lower population density and urbanisation rate, the state is able to offer land at extremely competitive prices.
Investment Climate of Chhattisgarh (2/2)

**Favourable labour climate**
Though the skill base is relatively low, presence of a large number of willing and able-bodied people contributes to the substantial workforce. The state has a high worker participation rate (male and female) and a high labour force in the 15 to 39 age group. It also has one of the lowest losses in terms of person-days attributed to labour problems in the country.

**Political environment**
Lesser number of bureaucrats and government employees compared to the other states in the country. This has also resulted in one of the lowest expenditures in the country on government functioning. The presence of a strong, committed and focussed leadership is an asset for the state.
Doing business in Chhattisgarh

Average cost of setting up business in the state:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value (in US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial land (per sq. m.)</td>
<td>3.04 – 4.75</td>
</tr>
<tr>
<td>Office space rent (per sq. ft./month)</td>
<td>0.56 – 0.93</td>
</tr>
<tr>
<td>Residential rent (for a 2,000 sq. ft. house/month)</td>
<td>292.68 – 439.02</td>
</tr>
<tr>
<td>5-star hotel room (per night)</td>
<td>73.1 – 134.14</td>
</tr>
<tr>
<td>Electricity (per KWh)</td>
<td>0.97 – 1.46</td>
</tr>
<tr>
<td>Water (per 1,000 litres)</td>
<td>0.22 – 0.33</td>
</tr>
</tbody>
</table>

Source: Ernst & Young analysis
Note: Exchange rate used is INR 41 per US$
### Chhattisgarh industrial investment promotion rules 2004

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Clearance / Activity</th>
<th>Time Limit Prescribed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Preliminary meeting with the Convener after expression of intent by investor</td>
<td>7 Days</td>
</tr>
<tr>
<td>2</td>
<td>Arranging site visit for indentification of land for investor’s project after preliminary 21 Days meeting</td>
<td>21 Days</td>
</tr>
<tr>
<td>3</td>
<td>Provisional registration of small scale industry at District Trade &amp; Industries Centre</td>
<td>3 Days</td>
</tr>
<tr>
<td>4</td>
<td>Issuance of letter of Intent for allotment of CSIDC Industrial land</td>
<td>21 Days</td>
</tr>
<tr>
<td>5</td>
<td>Forwarding of investor’s proposal by CSIDC / Directorate of Industries to District Collector for transfer of government land</td>
<td>21 Days</td>
</tr>
<tr>
<td>6</td>
<td>Forwarding of investor’s proposal by CSIDC / Directorate of Industries for acquisition of private land to the Government</td>
<td>21 Days</td>
</tr>
<tr>
<td>7</td>
<td>Approval by Government to land acquisition proposal</td>
<td>30 Days</td>
</tr>
<tr>
<td>8</td>
<td>Issuance of notification by the District Collector under section 4 of the Land Acquisition Act, 1894 :</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A) Intimation of anticipated compensation amount to the investor</td>
<td>30 Days</td>
</tr>
<tr>
<td></td>
<td>B) Publication of section 4 notification after deposit of anticipated compensation amount</td>
<td>7 Days</td>
</tr>
<tr>
<td>9</td>
<td>Issuance of Certificate for exemption from payment of stamp duty by :</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A) District Trade &amp; Industries Centre</td>
<td>7 Days</td>
</tr>
<tr>
<td></td>
<td>B) Directorate of Industries</td>
<td>15 Days</td>
</tr>
<tr>
<td>10</td>
<td>Issuance of No Objection Certificate from local bodies for establishment of industry</td>
<td>30 Days</td>
</tr>
<tr>
<td>11</td>
<td>Grant of permission for building construction from Gram Panchayat</td>
<td>30 Days</td>
</tr>
<tr>
<td>12</td>
<td>Grant of permission for development of land under the Chhattisgarh Nagar Tatha Gram Niveth Adhiniyam, 1973</td>
<td>60 Days</td>
</tr>
<tr>
<td>13</td>
<td>Grant of permission of Land Diversion</td>
<td>90 Days</td>
</tr>
<tr>
<td>14</td>
<td>Grant of permission to develop, erect, re-erect or to make alteration in any place in a Building under Chhattisgarh Nagar Tatha Gram Niveth Adhiniyam, 1973</td>
<td>30 Days</td>
</tr>
<tr>
<td>15</td>
<td>Sanction of allotment of water from Water Resource Department :</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A) At the applied site</td>
<td>60 Days</td>
</tr>
<tr>
<td></td>
<td>B) At different sites</td>
<td>90 Days</td>
</tr>
<tr>
<td>16</td>
<td>Issuance of Power availability certificate by CSEB</td>
<td>30 Days</td>
</tr>
<tr>
<td>17</td>
<td>Sanction of power supply for L.T. connection by CSEB</td>
<td>45 Days</td>
</tr>
<tr>
<td>18</td>
<td>Sanction of power supply for H.T. connection by CSEB</td>
<td>50 Days</td>
</tr>
<tr>
<td>19</td>
<td>Approval of drawings by Electrical Inspector</td>
<td>15 Days</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Clearance / Activity</th>
<th>Time Limit Prescribed</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>Environment consent for Small Scale Industry under simplified procedures by District Trade &amp; Industries Centre</td>
<td>10 Days</td>
</tr>
<tr>
<td>21</td>
<td>Consent for Establishment of Industry under Water (Prevention &amp; Control of Pollution) Act, 1974</td>
<td>120 Days</td>
</tr>
<tr>
<td>22</td>
<td>Consent for Establishment of Industry under The Air (Prevention &amp; Control of Pollution) Act, 1981</td>
<td>120 Days</td>
</tr>
<tr>
<td>23</td>
<td>Registration &amp; grant of licence under The Factories Act, 1948</td>
<td>90 Days</td>
</tr>
<tr>
<td>24</td>
<td>Approval of plans &amp; permission to construct / extend / or take into use any building as a factory under The Factories Act, 1948</td>
<td>90 Days</td>
</tr>
<tr>
<td>25</td>
<td>Approval of site for hazardous process factory under The Factories Act, 1948</td>
<td>90 Days</td>
</tr>
<tr>
<td>26</td>
<td>Registration of establishment under the Contract Labour (Regulation &amp; Abolition) Act, 1970</td>
<td>30 Days</td>
</tr>
<tr>
<td>27</td>
<td>Registration of Boiler Under Indian boiler Act - 1953</td>
<td>30 Days</td>
</tr>
<tr>
<td>28</td>
<td>Registration under Chhattisgarh Vanjyik Kar Adhiniyam, 1994</td>
<td>1 Day</td>
</tr>
<tr>
<td>29</td>
<td>Registration under The Central Sales Tax Act, 1956</td>
<td>1 Day</td>
</tr>
<tr>
<td>30</td>
<td>Permission for use of forest land for non-forest purposes under Forest (Conservation) Act, 1980</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A) New application</td>
<td>90 Days</td>
</tr>
<tr>
<td></td>
<td>B) Renewal of application</td>
<td>30 Days</td>
</tr>
<tr>
<td>31</td>
<td>Permanent registration of Small Scale Industry at District Trade &amp; Industries Centre</td>
<td>21 Days</td>
</tr>
<tr>
<td>32</td>
<td>Production Certificate for medium &amp; large scale industry from District Trade &amp; Industries Centre</td>
<td>21 Days</td>
</tr>
</tbody>
</table>

- **Chhattisgarh AudyogikNiveshProtsahanAdhiniyam, 2004**

- **Services to be provided at district and state level by nodal agencies with timelines**

*Source: Government of Chhattisgarh*
Overall State Competitiveness
## Overall state competitiveness (1/2)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Competitiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism</td>
<td>Low</td>
</tr>
<tr>
<td>Steel industries</td>
<td>High</td>
</tr>
<tr>
<td>Sponge iron industries</td>
<td>High</td>
</tr>
<tr>
<td>Cement industries</td>
<td>High</td>
</tr>
<tr>
<td>IT-based industries</td>
<td>Low</td>
</tr>
<tr>
<td>Power industries</td>
<td>High</td>
</tr>
<tr>
<td>Medicinal and herbal industries</td>
<td>Low</td>
</tr>
<tr>
<td>Food processing industries</td>
<td>Low</td>
</tr>
<tr>
<td>Biotechnology</td>
<td>Low</td>
</tr>
<tr>
<td>Forest-based industry</td>
<td>Low</td>
</tr>
<tr>
<td>Auto parts industry</td>
<td>Low</td>
</tr>
<tr>
<td>Mining-based industries</td>
<td>High</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Medium</td>
</tr>
<tr>
<td>Entertainment/retail industries</td>
<td>Low</td>
</tr>
</tbody>
</table>
## Overall state competitiveness (2/2)

<table>
<thead>
<tr>
<th>Setting up and carrying out business</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial infrastructure (existing and proposed)</td>
<td>Medium</td>
</tr>
<tr>
<td>Power</td>
<td>High</td>
</tr>
<tr>
<td>Transportation</td>
<td>Medium</td>
</tr>
<tr>
<td>Industrial estates/areas</td>
<td>High</td>
</tr>
<tr>
<td>Industrial growth centres</td>
<td>High</td>
</tr>
<tr>
<td>Food processing park</td>
<td>Proposed</td>
</tr>
<tr>
<td>Gems and jewellery SEZ</td>
<td>Proposed</td>
</tr>
<tr>
<td>Herbal and medicinal park</td>
<td>Proposed</td>
</tr>
<tr>
<td>Aluminum park/metal park</td>
<td>Proposed</td>
</tr>
<tr>
<td>Apparel park</td>
<td>Proposed</td>
</tr>
</tbody>
</table>
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