Investment climate of a state is determined by a mix of factors

- Skilled and cost-effective labour
- Labour market flexibility
- Labour relations
- Availability of raw materials and natural resources

- Procedures for entry and exit of firms
- Industrial regulation, labour regulation, other government regulations
- Certainty about rules and regulations
- Security, law and order situation

**Resources/Inputs**

**Incentives to industry**

- Tax incentives and exemptions
- Investment subsidies and other incentives
- Availability of finance at cost-effective terms
- Incentives for foreign direct investment (FDI)
- Profitability of the industry

**Regulatory framework**

**Physical and social infrastructure**

- Condition of physical infrastructure such as power, water, roads, etc.
- Information infrastructure such as telecom, IT, etc.
- Social infrastructure such as educational and medical facilities
The focus of this presentation is to discuss…

- State economy and socio-economic profile
- Infrastructure status
- State policies and incentives
- Business opportunities
- Doing business in Chhattisgarh
- Overall state competitiveness
A snapshot of Chhattisgarh

• Constituted on November 1, 2000, Chhattisgarh is one of the newest states in India — it is characterised by the dominance of a tribal and socially under-privileged population.

• The state covers a geographical area of 135,000 sq km, 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.
A snapshot of Chhattisgarh

• 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.
The state’s socio-economic profile is largely rural

- The population of Chhattisgarh is 20.8 million (2 per cent of India) as per the 2001 Census.
- Scheduled tribes (ST) and scheduled castes (SC) constitute 43.4 per cent of the state’s population.
- 80 per cent of the total population lives in rural areas and the remaining 20 per cent lives in urban areas.
- The population density is 151 persons per sq km.

<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>
The state’s socio-economic profile is largely rural

- The state’s human development index is 0.471 as per the United Nations Development Program (UNDP).

- The state has a sex ratio of 989 females per 1,000 males.

- The 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.

- On the social development index, the state scores 36.35 for urban areas and 28.87 for rural areas.

- 40 per cent of the state is under forest area.
Economic performance is marked by growing role of tertiary sector

- The state registered a Net State Domestic Product (NSDP) of US$ 15.3 billion at current prices in 2008–09, an 18 per cent growth over the previous year.

- The tertiary sector registered the highest year-on-year (y-o-y) growth of 23 per cent, while the primary sector grew by 12 per cent and the secondary sector by 16 per cent in 2008–09.

- Construction and services in the tertiary sector registered a growth of more than 30 per cent y-o-y in 2008–09.

Economic performance is marked by growing role of tertiary sector

- Almost 80 per cent of the population is dependent on agriculture or agriculture-related occupations.

- Chhattisgarh is the richest state in terms of mineral wealth, with 28 varieties of major minerals, including diamonds.

The focus of this presentation is to discuss...

- State economy and socio-economic profile
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- Overall state competitiveness
Physical infrastructure likely to see increased investments

Air:

• The state has two airports and seven air strips — one commercial domestic airport at Raipur and an airport at Bilaspur; and air strips at Bhilai, Korba, Raigarh, Jagdalpur, Ambikapur, Jashpur Nagar and Sarangarh.

Railways:

• It is well connected with a good quality railway network. Raipur and Bilaspur are the two major railway stations.

• The significance of mining and industrial activity in the state has propelled the setting up of the South East Central Railways (1998), headquartered at Bilaspur — it generates the highest revenues for Indian Railways.
Physical infrastructure likely to see increased investments

Roadways and highways:

• National highways (NH) 6, 16 and 43 together constitute 2,184 km of national highways in the state, with a road length of 26.21 km per 100 km.

• The Centre has allocated US$ 14.6 million for the development of national highways in Chhattisgarh and nearly US$ 6 million was allocated for their maintenance in 2008–09.

Huge reserves for power generation

- Of the total installed capacity of 4,082.05 MW in 2009, coal or thermal-based plants accounted for 3,787.9 MW (93 per cent), hydel power for 120 MW (3 per cent), while the remaining 174 MW was on account of renewable energy sources.

- Korba in Chhattisgarh is termed the “Power Capital” of India with National Thermal Power Corporation (NTPC)’s Super Thermal Power Plant working at 90 per cent Plant Load Factor (PLF).

- The state has huge coal reserves at 84 per cent of India’s coal. The Hasdeo Bango reservoir offers cheap power generation opportunities.

Huge reserves for power generation

• For 2009, Chhattisgarh has earmarked expenses worth US$ 758 million for revamping power transformers in the state.

• Chhattisgarh State Electricity Board (CSEB) is a profit-making state electricity board (SEB), supplying 54 per cent of power; while 36 per cent power comes from the private sector.


Projects under 11th Five-Year Plan

<table>
<thead>
<tr>
<th>Projects</th>
<th>Agency</th>
<th>Type</th>
<th>Thermal (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raigarh Phase I &amp; II</td>
<td>Jindal Power</td>
<td>Pvt</td>
<td>1,000</td>
</tr>
<tr>
<td>Pathadi (Lanco) U (I,II)</td>
<td>Lanco IPP</td>
<td>Pvt</td>
<td>600</td>
</tr>
<tr>
<td>Korbo East Extension</td>
<td>CSEB State</td>
<td>State</td>
<td>250</td>
</tr>
<tr>
<td>Korbo West Extension</td>
<td>CSEB State</td>
<td>State</td>
<td>500</td>
</tr>
<tr>
<td>Marwa</td>
<td>CSEB State</td>
<td>State</td>
<td>1,000</td>
</tr>
</tbody>
</table>
Growing rate of urban infrastructure

- The rate of urbanisation in the state is 17.4 per cent as against the national average of 29 per cent, with 10 municipal corporations and 28 municipalities (as of 2007).

- Maharashtra’s City and Industrial Development Corporation (CIDCO) has been appointed as the advisor for the Capital City Project to upgrade Raipur to ‘Naya Raipur’ at a cost of US$ 450 million, with projects that include the following:
  - A water supply project for meeting the requirements of an estimated population of 2.5 million by 2031 is being planned.
  - A transportation hub is being created in the city.

<table>
<thead>
<tr>
<th>Service</th>
<th>Urban population coverage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protected water supply</td>
<td>90</td>
</tr>
<tr>
<td>Sanitation</td>
<td>49</td>
</tr>
<tr>
<td>Sewerage system</td>
<td>28</td>
</tr>
<tr>
<td>Low-cost sanitation Facility</td>
<td>21</td>
</tr>
<tr>
<td>Solid waste collection – metros</td>
<td>90</td>
</tr>
<tr>
<td>Solid waste collection – towns</td>
<td>Less than 50</td>
</tr>
</tbody>
</table>

Source: Economic Survey, 2001

Growing rate of urban infrastructure

• Naya Raipur will be the fourth planned city after Chandigarh, Gandhinagar and Bhuvaneshwar.

• Planned over 8,000 hectares, of which 30 per cent is to be used for residential and economic purposes, Naya Raipur will house a population of 450,000 within a decade.

• Central allocations worth US$ 41.8 million have been made to Chhattisgarh under the Urban Integrated Development of Small and Medium Towns (UIDSSMT) and the Accelerated Urban Water Supply Program (AUWSP) from 2000 to 2008.

The state has immense potential for industrial infrastructure growth

- 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.

<table>
<thead>
<tr>
<th>State</th>
<th>Name/Location</th>
<th>District</th>
<th>Size of area</th>
<th>Investment requirement (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Parks</td>
<td>Aluminium/Metal Park</td>
<td>Raipur</td>
<td>191.355 Ha</td>
<td>Not available</td>
</tr>
<tr>
<td></td>
<td>Integrated Textile Park</td>
<td>Bhanpuri, Raipur</td>
<td>8 acres</td>
<td>PPP model; 5 mn</td>
</tr>
<tr>
<td></td>
<td>Medicinal Park</td>
<td>Dhamtari</td>
<td>250 acres</td>
<td>13.5 mn</td>
</tr>
<tr>
<td></td>
<td>Food Processing Park</td>
<td>Rajnandgaon</td>
<td>300 acres</td>
<td>PPP model; 6.73 mn</td>
</tr>
<tr>
<td></td>
<td>Engineering Park</td>
<td>Bhilai</td>
<td>300 acres</td>
<td>4.34 mn</td>
</tr>
<tr>
<td>Integrated Infrastructure Development Centres (IIDCs)</td>
<td>Tifra (Bilaspur), Shyamtarai (Dhamtari), Teknar (Dantewada), Kapan (Janjgir-Champa)</td>
<td>All between 20-80 Ha</td>
<td>Not available</td>
<td></td>
</tr>
<tr>
<td>Growth Centres</td>
<td>Siltara</td>
<td>Raipur</td>
<td>1,260 Ha</td>
<td>155.89 mn</td>
</tr>
<tr>
<td></td>
<td>Borai</td>
<td>Durg</td>
<td>436.84 Ha</td>
<td>37.35 mn</td>
</tr>
<tr>
<td></td>
<td>Urla</td>
<td>Raipur</td>
<td>232.34 Ha</td>
<td>108.57 mn</td>
</tr>
<tr>
<td></td>
<td>Sirgitti</td>
<td>Bilaspur</td>
<td>371.56 Ha</td>
<td>21.71 mn</td>
</tr>
</tbody>
</table>

Source: Economic Survey, 2008-09
The state has immense potential for industrial infrastructure growth

<table>
<thead>
<tr>
<th>SEZ Development</th>
<th>District</th>
<th>Sector</th>
<th>Area (Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Naya Raipur Development Authority (NRDA) with formal approval</td>
<td>Naya Raipur</td>
<td>IT/ITeS</td>
<td>10.77</td>
</tr>
<tr>
<td>Writers and Publishers Limited with in-principal approval</td>
<td>Raipur</td>
<td>Multi-product</td>
<td>2,000</td>
</tr>
<tr>
<td>M/s Chhattisgarh Infrastructure Ltd with in-principal approval</td>
<td>Raipur</td>
<td>Gems &amp; Jewellery</td>
<td>29</td>
</tr>
</tbody>
</table>

Source: Economic Survey, 2008–09
Adequate educational infrastructure is in place

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

- There are 15 engineering colleges, 10 polytechnic institutes, eight private pharmacy colleges and two medical colleges in the state.

- Chhattisgarh has eight deemed universities and 29 colleges for professional education.

- 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 a better infrastructure network in these regions.

Health infrastructure in Chhattisgarh

• There are 717 primary health centers and 4,792 sub-health centers in the state.

• The number of allopathic hospitals, dispensaries, C.D. Health Centre, PHCs, sub-health centers per lakh of population is 25.


Availability of health infrastructure

- District hospital: 16
- City civil hospitals: 14
- City civil dispensary: 17
- Community health centres: 134


Infant mortality rate (IMR) trend in Chhattisgarh

Source: Economic Survey, 2008–09
Health infrastructure in Chhattisgarh

- The number of institutions offering Indian systems of medicine per lakh of population is 2.7.
- All districts in Chhattisgarh have clinics to treat sexually transmitted diseases (STD).
- 12 districts in the state have blood bank facilities.

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- Overall state competitiveness

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 2001

The state’s 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 the 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.
Mineral Policy 2001


- 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, the Chhattisgarh Mineral Development Corporation (CMDC).
Energy Policy 2001

- Chhattisgarh has surplus electricity and, therefore, has immense potential for coal-based thermal power generation. The main objective of the 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 the availability of reliable and cheap electricity to every section of society, both in rural as well as urban areas.
Energy Policy 2001

- 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 for promoting the growth of the IT industry in the state. Chhattisgarh 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 centers (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 an impetus to IT growth in the state and implement initiatives for overall socio-economic development.
Focus on industrial investment measures

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 rates in industrial areas
- Exemption from land diversion fee
Focus on industrial investment measures

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

- 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 state’s industrial policy and will be entitled for additional direct and indirect incentives.
The focus of this presentation is to discuss…

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Chhattisgarh offers myriad business opportunities in various sectors … (1/5)

Key industry sectors

- Chhattisgarh is India's newest and one of the country's fastest-growing states. A conducive labour environment, cheap power, sufficient water resources and availability of land at a 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

- It is the richest state in terms of mineral wealth, with 28 varieties of major minerals, including diamonds.

- The state holds the major share of coal deposits in India, which has led to its 'power hub' status.

- It is the 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, from where 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>Per cent 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
Chhattisgarh offers myriad business opportunities in various sectors … (3/5)

Power

- Chhattisgarh has had a robust power sector since its inception.

- NTPC has an installed thermal capacity of 2,100 MW, while CSEB units have a thermal capacity of 1,780 MW and a hydel capacity of 200 MW.

- Apart from NTPC and the CSEB, there are a number of private generation units of large and small capacity operating in the state.

- 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.
Chhattisgarh offers myriad business opportunities in various sectors … (4/5)

Cement

- The state has widely occurring limestone reserves that account for a strong cement sector.

- At present, Chhattisgarh has 3,580 limestone reserves, which account for 4.73 per cent of the total limestone reserves in India.

- Nine major and 12 minor cement units are present in the state; the majority of the cement production units are concentrated in the Raipur area.

Source: Chhattisgarh State Industrial Development Corporation, "Rate of sale of power of generating stations in the country for the year 2007-08", Ministry of Power, www.powermin.nic.in, accessed on September 21, 2009
Chhattisgarh offers myriad business opportunities in various sectors … (5/5)

**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 more than 4 million tonnes of iron and steel per annum. Substantial capacities have been set up in the private sector as well.

- 28 per cent of India’s sponge iron production comes from Chhattisgarh. There are more than 10,000 iron ore reserves in Chhattisgarh and the state accounts for 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. December 2006 witnessed around 18.27 million tonnes of iron ore production.

*Source: Chhattisgarh State Industrial Development Corporation*
Other industries with growth potential in Chhattisgarh … (1/4)

A business perception survey of Chhattisgarh carried out by the Confederation of Indian Industry (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.

• Infrastructure and IT are perceived as major growth sectors. Growth is expected in the sponge iron sector as well. In fact, integrated steel plants look most suited for growth.

• 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 industries with growth potential in Chhattisgarh … (2/4)

Several industries that offer tremendous potential for investment have been identified.

Government initiatives have provided thrust for the growth of these industries in Chhattisgarh.

Food processing industry

• The Government of Chhattisgarh (GoC) is setting up a food processing park in the state. The park will be located in district Rajnandgaon (45 km from Raipur) on 120 hectares of land. The project development is in full swing and will be implemented through the PPP mode.

Source: Chhattisgarh State Industrial Development Corporation, accessed on September 29, 2009
Other industries with growth potential in Chhattisgarh … (3/4)

Herbal and medicinal industry

- It has been proposed to develop a herbal medicinal park in the Banjari and Bagaudh villages of Kurudh tehsil (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.

Source: Chhattisgarh State Industrial Development Corporation, accessed on September 29, 2009
Other industries with growth potential in Chhattisgarh … (4/4)

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 Chhattisgarh 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 2009.

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 2009.

Source: Chhattisgarh State Industrial Development Corporation
Export profile of Chhattisgarh

- 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.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (US$ mn)</th>
<th>Growth (%)</th>
<th>Per cent 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>

Source: Chhattisgarh State Industrial Development Corporation
Export profile of Chhattisgarh

- 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.

- The opening up and operation of services of the Raipur Inland Container Depot (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.

Source: Chhattisgarh State Industrial Development Corporation
Investments in Chhattisgarh

• In 2007–2008, 26 memorandums of understanding (MoUs) were executed with large industrial groups, amounting to almost US$ 9.25 billion.

• Steel and power companies have signed MoUs worth US$ 70,792 billion to be invested by 2010, of which investments worth US$ 36,699 billion are earmarked for the coal-fired power sector.

• From 2001 to 2006, MoUs worth US$ 1,972 billion were signed.

• The mineral-rich state attracted investment proposals worth US$ 4.89 billion in October 2007.

• CSEB to set up a 1,200 MW power plant at Korba with an investment of US$ 1.22 billion.

Investments in Chhattisgarh

- The Vedanta Group has plans to invest another US$ 2.44 billion for setting up a large aluminium plant in Chhattisgarh.

- US$ 1.22 billion worth of MoUs have been signed with five private companies in the cement and steel sectors by the Vedanta Group.

- The B C Jindal Group plans to invest over US$ 4.88 billion to produce 5,000 MW in the next five years.

- GMR has signed an MoU with the state government for implementation, operation and maintenance of a 1,000 MW coal-based, thermal power plant in Chhattisgarh.

- GMR plans to invest up to US$ 11.25 billion to develop the project over a period of three years.

Reserve Bank of India report, 2007; http://chips.nic.in/newyork.htm
## Investments in Chhattisgarh

Other major MoUs signed for investments in Chhattisgarh in the last five years

<table>
<thead>
<tr>
<th>Company</th>
<th>Investments (US$)</th>
<th>Investment period</th>
<th>Project &amp; Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tata Steel</td>
<td>2.17 bn</td>
<td>From June 2005</td>
<td>One 5 MTPA* plant, Bastar</td>
</tr>
<tr>
<td>Essar Steel</td>
<td>1.52 bn</td>
<td>From June 2005</td>
<td>One 3.2 MTPA plant, Dantewada</td>
</tr>
<tr>
<td>Jindal Steel and Power Ltd</td>
<td>3.97 bn</td>
<td>August 2008</td>
<td>Existing plant, Raigarh</td>
</tr>
<tr>
<td>Others steel companies</td>
<td></td>
<td></td>
<td>VISA Steel Ltd (1.03 bn), SKS Ispat and Power Ltd (784 mn), Surya Global Steel (651 mn), Jaiswal Nocco Ltd (438 mn), Nalwa Steel and Power Ltd (673 mn), Godavari Power and Ispat Ltd (340 mn)</td>
</tr>
<tr>
<td>NTPC</td>
<td></td>
<td></td>
<td>3 major MoUs for 4,000 MW power project at Lara; International Institute of Information Technology, Industrial Training Institute, Janjgir-Champa</td>
</tr>
</tbody>
</table>

*Million Tonnes Per Annum

Sources: Multi-sourcing from Press Information Bureau, GoI 2005 to 2009
Key players in the state

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.


• Plans to invest US$ 5.5 billion up to 2012 in its integrated steel plants.
Key players in the state

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

National Mineral Development Corporation (NMDC)

• India’s single largest iron ore producer and exporter.

• Produces more than 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

Associated Cement Companies Ltd (ACC Ltd)

• One of the largest cement manufacturing companies in India with a production capacity of 16 MTPA.

• 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.

Key players in the state

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.
Key players in the state

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

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 MTPA.

• Two cement manufacturing plants at Sonadih and Arasmeta with a capacity of 2 MTPA.

• 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

NECO

- Formerly known as Nagpur Engineering Company Limited, it operates an integrated steel plant in Siltara, under the flagship of Neco Group of Companies.

- The company has 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 a 40 MW captive power plant, raw material handling plants, gas cleaning plants, etc.
The focus of this presentation is to discuss...

- State economy and socio-economic profile
- Infrastructure status
- State policies and incentives
- Business opportunities
- Doing business in Chhattisgarh
- Overall state competitiveness
Key approvals for doing business in Chhattisgarh

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

  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
  2. Signing of the lease deed
     - The lease deed is signed between the CSIDC and land applicant
  3. Water connection
     - The completed application form should be submitted to CSIDC, which is also responsible for providing the water connection
  4. Electricity connection
     - CSIDC is responsible for providing an electricity connection
  5. Pollution clearance
     - Application in prescribed format is submitted to the district trade industries centre (for investment up to US$ 2.43 million)/State Investment Promotion Board (for investment above US$ 2.43 million) with environment impact assessment report
Investment climate

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.

Favourable labour climate

Though the skill base is relatively low, the 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 man-days attributed to labour problems in the country.
Investment climate

Relatively low land cost
With a lower population density and urbanisation rate, the state is able to offer land at extremely competitive prices.

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.

Political environment
Lesser number of bureaucrats and government employees compared to 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.
### Chhattisgarh Industrial Investment Promotion Rules 2004

<table>
<thead>
<tr>
<th>Name of clearance/activity</th>
<th>No. of days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preliminary meeting with the convener after expression of intent by investor</td>
<td>7</td>
</tr>
<tr>
<td>Arranging site visit for identification of land for investor's project after preliminary meeting</td>
<td>21</td>
</tr>
<tr>
<td>Provisional registration of small-scale industry at District Trade &amp; Industries Centre</td>
<td>3</td>
</tr>
<tr>
<td>Issuance of Letter of Intent for allotment of CSIDC industrial land</td>
<td>21</td>
</tr>
<tr>
<td>Forwarding of investor's proposal by CSIDC/Department of Industries to District Collector for transfer of government land</td>
<td>21</td>
</tr>
<tr>
<td>Forwarding of investor's proposal by CSIDC/Department of Industries for acquisition of private land to the government</td>
<td>21</td>
</tr>
<tr>
<td>Approval by government to land acquisition proposal</td>
<td>30</td>
</tr>
<tr>
<td>Issuance of notification by the District Collector under Section 4 of the Land Acquisition Act, 1894 :</td>
<td></td>
</tr>
<tr>
<td>A) Intimation of anticipated compensation amount to the investor</td>
<td>A) 30</td>
</tr>
<tr>
<td>B) Publication of Section 4 notification after deposit of anticipated compensation amount</td>
<td>B) 7</td>
</tr>
<tr>
<td>Issuance of certificate for exemption from payment of stamp duty by:</td>
<td></td>
</tr>
<tr>
<td>A) District Trade &amp; Industries Centre</td>
<td>A) 7</td>
</tr>
<tr>
<td>B) Directorate of Industries</td>
<td>B) 15</td>
</tr>
<tr>
<td>Issuance of No Objection Certificate from local bodies for establishment of industry</td>
<td>30</td>
</tr>
</tbody>
</table>
Chhattisgarh Industrial Investment Promotion Rules 2004

<table>
<thead>
<tr>
<th>Name of clearance/activity</th>
<th>No. of days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant of permission for building construction from Gram Panchayat</td>
<td>30</td>
</tr>
<tr>
<td>Grant of permission for development of land under the Chhattisgarh Nagar Tatha Gram Nivesh Adhiniyam, 1973</td>
<td>60</td>
</tr>
<tr>
<td>Grant of permission of land diversion</td>
<td>90</td>
</tr>
<tr>
<td>Grant of permission to develop, erect, re-erect or to make alteration in any place in a building under Chhattisgarh Nagar Tatha Gram Nivesh Adhiniyam, 1973</td>
<td>30</td>
</tr>
<tr>
<td>Sanction of allotment of water from Water Resource Department:</td>
<td></td>
</tr>
<tr>
<td>A) At the applied site</td>
<td>A) 60</td>
</tr>
<tr>
<td>B) At different site</td>
<td>B) 90</td>
</tr>
<tr>
<td>Issuance of power availability certificate by CSEB</td>
<td>30</td>
</tr>
<tr>
<td>Sanction of power supply for LT connection by CSEB</td>
<td>45</td>
</tr>
<tr>
<td>Sanction of power supply for HT connection by CSEB</td>
<td>60</td>
</tr>
<tr>
<td>Approval of drawings by electrical Inspector</td>
<td>15</td>
</tr>
<tr>
<td>Environment consent for small-scale industry under simplified procedures by District Trade &amp; Industries Centre</td>
<td>10</td>
</tr>
<tr>
<td>Consent for Establishment of Industry under Water (Prevention &amp; Control of Pollution) Act, 1974</td>
<td>120</td>
</tr>
<tr>
<td>Consent for Establishment of Industry under the Air (Prevention &amp; Control of Pollution) Act, 1981</td>
<td>120</td>
</tr>
<tr>
<td>Registration and grant of licence under The Factories Act, 1948</td>
<td>90</td>
</tr>
</tbody>
</table>
### Chhattisgarh Industrial Investment Promotion Rules 2004

<table>
<thead>
<tr>
<th>Name of clearance/activity</th>
<th>No. of days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval of plans and permission to construct/extend/or take into use any building as a factory under The Factories Act, 1948</td>
<td>90</td>
</tr>
<tr>
<td>Approval of site for hazardous process factory under The Factories Act, 1948</td>
<td>90</td>
</tr>
<tr>
<td>Registration of establishment under the Contract Labour (Regulation &amp; Abolition) Act, 1970</td>
<td>30</td>
</tr>
<tr>
<td>Registration of Boiler Under Indian boiler Act - 1953</td>
<td>30</td>
</tr>
<tr>
<td>Registration under Chhattisgarh Vanijyik Kar Adhiniyam, 1994</td>
<td>1</td>
</tr>
<tr>
<td>Registration under The Central Sales Tax Act, 1956</td>
<td>1</td>
</tr>
<tr>
<td>Permission for use of forest land for non-forest purposes under Forest (Conservation) Act, 1980</td>
<td>A) 90</td>
</tr>
<tr>
<td>A) New application</td>
<td></td>
</tr>
<tr>
<td>B) Renewal of application</td>
<td>B) 30</td>
</tr>
<tr>
<td>Permanent registration of small-scale industry at the District Trade &amp; Industries Centre</td>
<td>21</td>
</tr>
<tr>
<td>Production certificate for medium- and large-scale industry from the District Trade &amp; Industries Centre</td>
<td>21</td>
</tr>
</tbody>
</table>

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## Overall state competitiveness

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

- **High**: Highly competitive
- **Medium**: Medium competitiveness
- **Low**: Low competitiveness
- **Proposed**: Proposed competitiveness
### Overall state competitiveness

<table>
<thead>
<tr>
<th>Category</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setting up and carrying out business</td>
<td>High</td>
</tr>
<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 centers</td>
<td>High</td>
</tr>
<tr>
<td>Food processing park</td>
<td>Low</td>
</tr>
<tr>
<td>Gems and jewellery SEZ</td>
<td>Low</td>
</tr>
<tr>
<td>Herbal and medicinal park</td>
<td>Low</td>
</tr>
<tr>
<td>Aluminum park/metal park</td>
<td>Low</td>
</tr>
<tr>
<td>Apparel park</td>
<td>Proposed</td>
</tr>
</tbody>
</table>
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