



Madhya Pradesh  
The State Profile

August 2012



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**Sandip Somany**  
President

## Foreword

Madhya Pradesh is the central state of India. Blessed with vast natural resources and rich cultural heritage, the state provides for an excellent industrial base coupled with a progressive, investor friendly government. The natural beauty of Madhya Pradesh is varied with spectacular mountain ranges, meandering rivers dotted with hills and lakes and stretches of dense forests offering a unique and exciting panorama of wildlife in sylvan surroundings. One third of the state is forested and is home to the national parks of Kanha, Bandhavgarh, Shivpuri and many others. Innumerable monuments, exquisitely carved temples, stupas, forts & palaces are found all over the state.

Agriculture is the mainstay of the state's economy with about three fourth of the people living in rural areas. Agriculture in the state comprises of a conglomerate of several farm and non-farm activities. As much as 49% of the land area is cultivable. Madhya Pradesh is the producer of best quality of wheat, pulses and other agricultural products and is well known for production of cotton, ginger, garlic, turmeric, chilli, coriander, banana, guava, tomato etc. With the flourishing base, agri business and food processing have vast scope in the state.

Madhya Pradesh has a well diversified and stable industrial environment. Auto and auto components, textiles, cement, tourism, IT/ ITeS, forest based industry, mineral and stores are the thrust industries of the state in which Madhya Pradesh has performed very well. The state has been able to attract very large amount of industrial investment due to favourable environment and supportive industrial policy. The state government has identified and established several industrial clusters in indore, Gwalior, Jabalpur, Bhopal and Rewa. Tourism is also being developed as an important industry.

Madhya Pradesh is a vibrant state which has been able to harness its strengths to expand it's economy with the support of conducive policies. I am hopeful that it will emerge as a leading state which drives national development going ahead.

***Sandip Somany***



**Susmita Shekhar**  
Secretary General

## Preface

Madhya Pradesh: The state profile is an extensive study of the state, that the PHD Chamber has come up with and it gives me immense pleasure and honour to present it to our esteemed readers. This study is unique in its kind, which captures the essence of the grass roots of the exotic state of Madhya Pradesh.

The study is an exhaustive report on the state's economy and its socio-economic scenario. It includes its economic policies like industrial policy, IT policy, agro and forest policies and social infrastructural framework.

The study also brings together latest developments in the state and highlights potential roadmap for its further growth. It has made recommendations to improve the agriculture production scenario, to capitalize on the opportunities emerging from its innovative policies, to explore alternative energy based industries and to strengthen the social and power infrastructure. Finally the study recommends measures to attract investments in the various sectors of the economy.

The PHD Chamber has always aimed to be an important stakeholder to the development of the Northern and Central states of India and the nation. I hope this study helps in further policy formulation in the state, so as to serve as a vehicle for its inclusive growth and socio-economic development. This is one of the studies in the series of state profiles that the Chamber is coming out with and we would also be bringing out other state profiles in the coming times.

I commend and appreciate the tireless efforts of PHD Research Bureau, which has come up with this report with their focused approach. I hope that this report serves as a handy and informative readers' guide.

**Susmita Shekhar**



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# Abbreviations

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AEZ	Agri Exports Zone
BPL	Below Poverty Line
BPO	Business Process Outsourcing
CD Ratio	Credit Deposit Ratio
CST	Central Sales Tax
EAG	Empowered Action Group
FDI	Foreign Direct Investment
FRBM	Fiscal Responsibility and Budget Management
FY	Financial Year
GDP	Gross Domestic Product
GFD	Gross Fiscal Deficit
GSDP	Gross State Domestic Product
IT	Information Technology
ITES	Information Technology Enabled Services
MP	Madhya Pradesh
MSME	Micro Small & Medium Enterprises
MOFPI	Ministry of Food Processing Industry
MU Watts	Million Unit Watts
NSDP	Net State Domestic Product
PD	Primary Deficit
PHC	Primary Health Centre
PRB	Primary Revenue Balance
PWD	Public Works Department
RD	Revenue Deficit
SCSP	Schedule Cast Sub Plan
SEZ	Special Economic Zone
SSI	Small Scale Industry
TRAI	Telecom Regulatory Authority of India
TSP	Tribal Sub Plan

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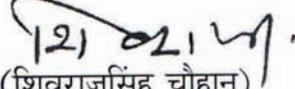
### संदेश

प्रसन्नता का विषय है कि पी.एच.डी. वाणिज्य एवं उद्योग चैम्बर के अनुसंधान विभाग द्वारा **मध्यप्रदेश राज्य प्रोफाइल** का प्रकाशन किया जा रहा है।

राज्य की सामाजिक-आर्थिक स्थिति पर केन्द्रित अनुसंधान से राज्य के विकास और विकास की संभावनाओं के बारे में पता चलता है। राज्य सरकार द्वारा उद्योग एवं व्यापार के संबंध में लिये जाने वाले नीतिगत निर्णयों में भी ये अध्ययन और अनुसंधान मददगार हो सकते हैं।

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हार्दिक शुभकामनाएँ।

  
(शिवराजसिंह चौहान)



**राघवजी**

मंत्री

मध्यप्रदेश शासन

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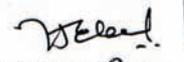
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यह जानकर हार्दिक प्रसन्नता हो रही है कि पी.एच.डी.  
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प्रोफाइल" प्रकाशित किया जा रहा है ।

पी.एच.डी. चैम्बर द्वारा औद्योगिक एवं सामाजिक-आर्थिक  
विकास पर किये जा रहे प्रयास प्रशंसनीय है ।

आशा है कि उक्त प्रकाशन में राज्य में हो रहे नवीन  
आर्थिक तथा सामाजिक विकास पर प्रकाश डाला जायेगा ।

"मध्यप्रदेश राज्य प्रोफाइल" के प्रकाशन की सफलता हेतु  
मेरी ओर से शुभकामनाएं .....

  
( राघवजी )



## कैलाश विजयवर्गीय

मंत्री

वाणिज्य, उद्योग एवं रोजगार,  
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उद्यानिकी एवं खाद्य प्रसंस्करण,  
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संदेश

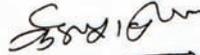
हर्ष का विषय है कि पी.एच.डी. चैम्बर ऑफ कामर्स एण्ड इण्डस्ट्री " म.प्र. राज्य प्रोफाइल " का प्रकाशन करने जा रहा है।

पी.एच.डी. चैम्बर ऑफ कामर्स एण्ड इण्डस्ट्री द्वारा प्रदेश में कृषि उद्यानिकी एवं औद्योगिक विकास संबंधित कई कार्यक्रम किये जाते हैं। आशा है उक्त प्रकाशन राज्य में विकास हेतु बनाई जाने वाली नीतियों के लिए सहायक होगा।

पी.एच.डी. चैम्बर के इस प्रकाशन के लिए मेरी हार्दिक शुभकामनाएँ।

सादर

भवदीय

  
(कैलाश विजयवर्गीय)



# Madhya Pradesh



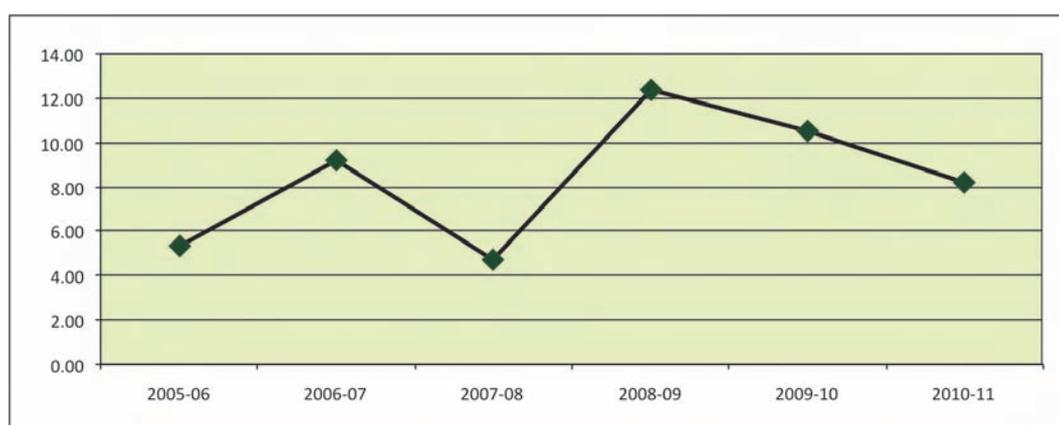
Madhya Pradesh is the central state of India and is often referred as the “Heart of India” The state is second largest state in the country in terms of area and sixth largest in terms of population. It borders the states of Uttar Pradesh, Chhattisgarh, Maharashtra, Gujarat and Rajasthan. Because of its central location in India, Madhya Pradesh has remained a crucible of historical currents from North, South, East and West parts of the country.

Madhya Pradesh has a subtropical climate. The state abounds great river basins and the watershed of a number of rivers. Catchments of many rivers of India lie in Madhya Pradesh. The state straddles the Narmada River, which runs east and west between the Vindhya and Satpura ranges. Infact these ranges and the Narmada river mark the traditional boundary between the North and South of India. Madhya Pradesh is endowed with rich and diverse forest resources and is home to nine National Parks.

## 1. Structure of the economy

The state's economy has grown at a good pace and registered an average growth rate of more than 8% between FY2006 to FY2011. Despite some ups and downs, the state has exhibited steady economic progress growing from around 5.3% in FY2006 to more than 9% in FY2007. Although, the growth dropped to less than 5% in FY2008, however the momentum picked up in the FY2009 and FY2010. The state's economy grew more than 8% during FY2011.

**Growth of Real GDP from FY2006 to FY2011**



Source: PHD Research Bureau, Compiled from CSO

The services sector contributes around 47% in GDP followed by the industry and agriculture sectors at 29% and 23% respectively in FY2011. While the share of services sector in the GDP has grown from 45% in FY2006 to 47% in the FY2011 and the share of industry sector has also increased from 27% during FY2006 to 29% during FY2011, the share of agriculture sector has come down from 28% to 23% during the same period.

**State Domestic Product and its Composition**

Components	FY06	FY11
GSDP at Constant Prices (Rs Crore)	118919	182646
NSDP at Constant Prices (Rs Crore)	104975	160549
<b>Sectoral Contribution in GDP at constant prices (%)</b>		
Agriculture & Allied Activities	28.12	23.05
Industry	26.99	29.54
Services	44.89	47.41

Source: PHD Research Bureau, Compiled from CSO



**Summary of socio-economic indicators**

State Capital	Bhopal
Area (Sq. km)	308000
Population (Census 2011)	725,975,65
Population Density(Sq. Km) Census 2011	236
No. of Districts	50
Important Rivers	Narmada, Chambal, Sindh, Betwa, Ken
Mountains	Vindhyachal, Satpura
GSDP at Current Prices (FY2010-11) Rs. Crore	259903
Growth of GSDP at Constant Prices (FY2010-11)	8.17%
Per capita NSDP (FY 2009-10) Rs.	27250
Fiscal Deficit (FY12)* Rs. Crore	7981.78 (3% of GSDP)
Poverty (2009-10)	31.7%
National Highway length <sup>#</sup>	4709 kms
Domestic Airport	5
Govt. Medical Institutions	12638
Per Capita Health Expenditure (2004-05)	Rs. 789
Literacy Rate (2011 Census)**	70.6%
Sex Ratio (2011 Census)	930
Key Industries	Auto & Auto components, Textiles, Cement
Prospective Industries	Auto and Auto Components, Textiles, Cement, Tourism, IT/ ITeS, Forest based industry, Mineral and stores
Main Industrial Cities	Indore, Bhopal, Jabalpur, Rewa
Investment environment	16 <sup>th</sup> Rank
Composite ranking of the state	14 <sup>th</sup> Rank
Agriculture	13 <sup>th</sup> Rank
Macro economy	17 Rank
Labour laws (2009)	11 <sup>th</sup> Rank
Infrastructure	12 <sup>th</sup> Rank

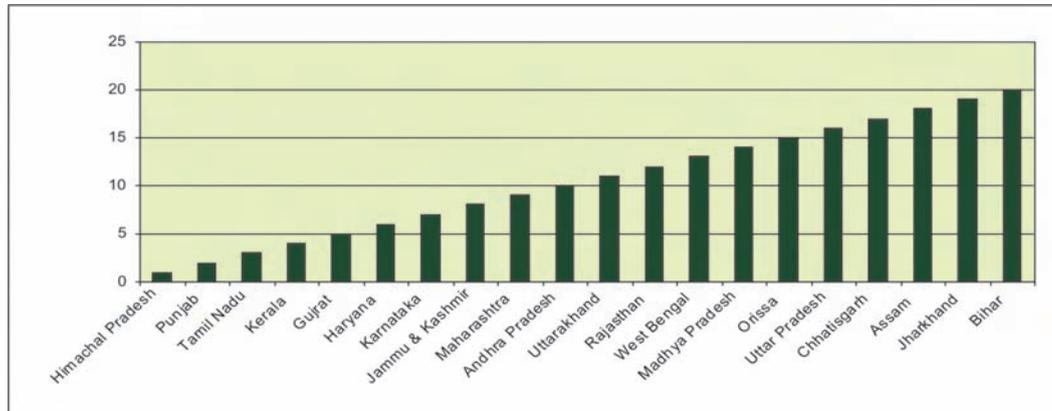
Source: PHD Research Bureau, Compiled from Economic survey of Madhya Pradesh, RBI, Economic Survey of India 2010, India Today, 29th Nov 2010, an article by Bibek Debroy and Laveesh Bhandari, Economic Freedom of the States of India 2011, by Laveesh Bhandari, Bibek Debroy and Swaminathan Aiyar and Annual report to people on health 2010.

\* Advance estimates, \*\* Literacy rate for population aged 7 years and above, # Till January 2011.

### Composite ranking of the state

Madhya Pradesh stands 14th on the basis of various socio economic parameters viz. macro economy, investment environment, infrastructure, agriculture, primary education and consumer markets.

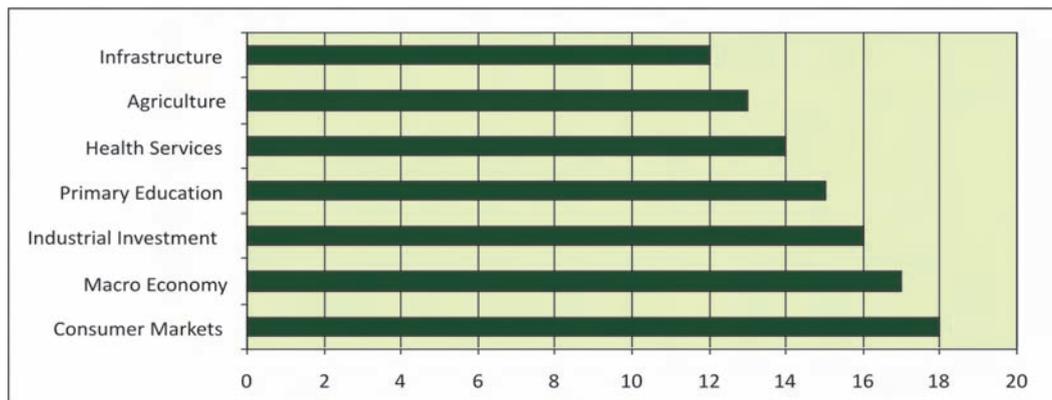
#### Composite ranking of the state



Source: PHD Research Bureau, Compiled from India Today, 29th Nov 2010, an article by Bibek Debroy and Laveesh Bhandari  
Note: Only big states have been taken up with area over 35000 sq. km. and with population over five million.

The state has been ranked 12th in Infrastructure, 13th in agriculture, 14th in primary health services, 15th in primary education, 16th in industrial investments, 17th in macro economy and 18th in the consumer markets.

#### Socio-economic ranking of the state

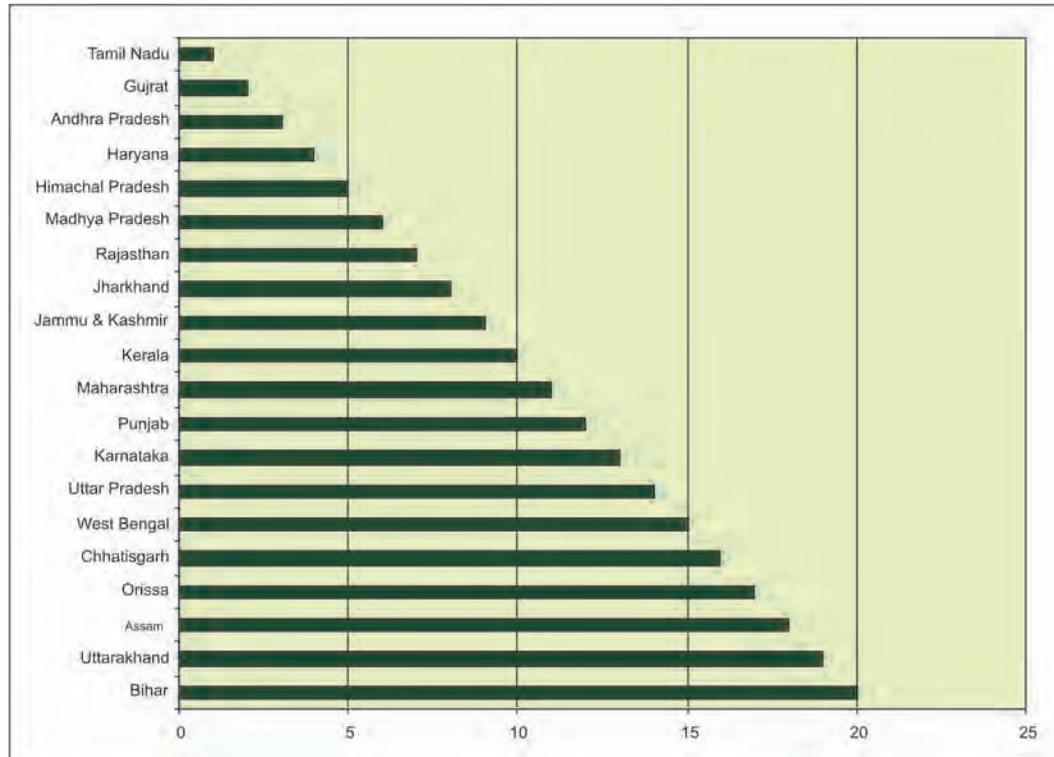


Source: PHD Research Bureau, Compiled from India Today, 29 November 2010, an article by Bibek Debroy and Laveesh Bhandari. Chart depicting area with highest rank to the lowest rank

The state has been ranked 2nd in legal system, 6th in overall economic freedom, 11th in labour regulations and 17th in terms of size.



### Comparison of Madhya Pradesh with other states



Source: PHD Research Bureau, Compiled from *Economic Freedom of the States of India 2011*, by Laveesh Bhandari, Bibek Debroy and Swaminathan Aiyar.

Note: Ranking pertains to the year 2009.

### Competitiveness ranking of the state

Among the 15 big states of India<sup>1</sup>, Madhya Pradesh ranks 10th in the overall competitiveness ranking of the states. Madhya Pradesh has been ranked 13th in terms of its economic strength and 8th in infrastructure. It has been ranked 6th in terms of its business efficiency, 13th in governance quality and 11th in human resource.

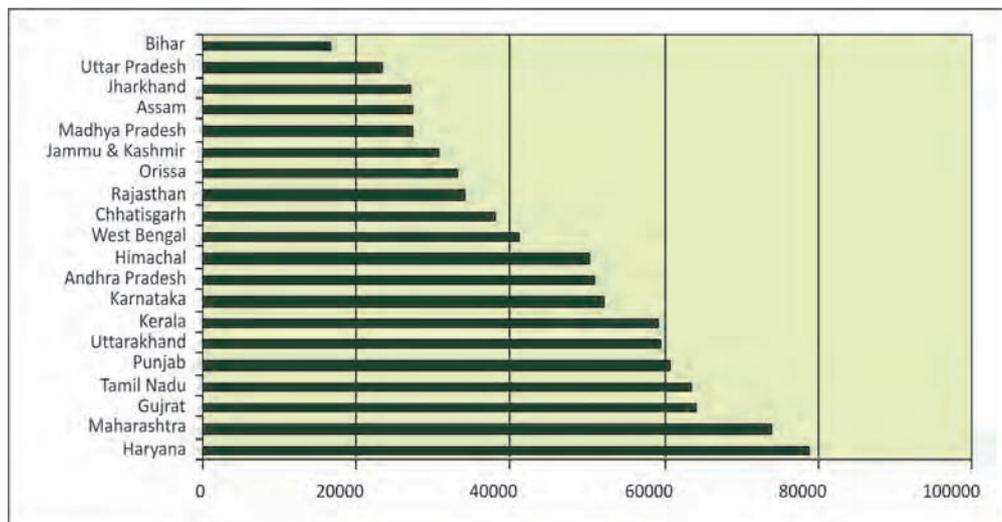
### Per-capita income

Madhya Pradesh is one of the lowest among Indian states with per capita income Rs27250 (FY2010). Its per capita income is also very low as compared to the national average of Rs46,492 (FY2010). According to the latest<sup>2</sup> comparable data (FY2010), per capita income in Madhya Pradesh is lower than most of the states, however, it is higher than states like Bihar, Uttar Pradesh, Jharkhand and Assam.

<sup>1</sup> Compiled from *State competitiveness report 2004* by National Productivity Council.

<sup>2</sup> Latest Comparable data of states available for 2010, economic survey Govt. of India 2011-12.

**Pattern of per-capita income of the Select Indian states**



Source: PHD Research Bureau, compiled from economic survey of India 2011-12.  
Note: Data pertains to FY2010.

**Fiscal deficit**

Gross fiscal deficit of Madhya Pradesh as percentage of GSDP has declined to 3% during FY 2012 as compared to the 3.5% in FY2011. Primary deficit as percentage of GSDP has decreased from 1.4% during FY2011 to 1% during FY2012, however it has increased as compared to 0.8% during FY2010. The revenue deficit has increased from -2.5% in FY2010 to -2% of GSDP during FY2011 and further to -1.5% during FY2012. Primary Revenue Balance has increased from -4.6% in FY2010 to -4.1 during FY2011 and has increased further to -3.5% during FY2012.

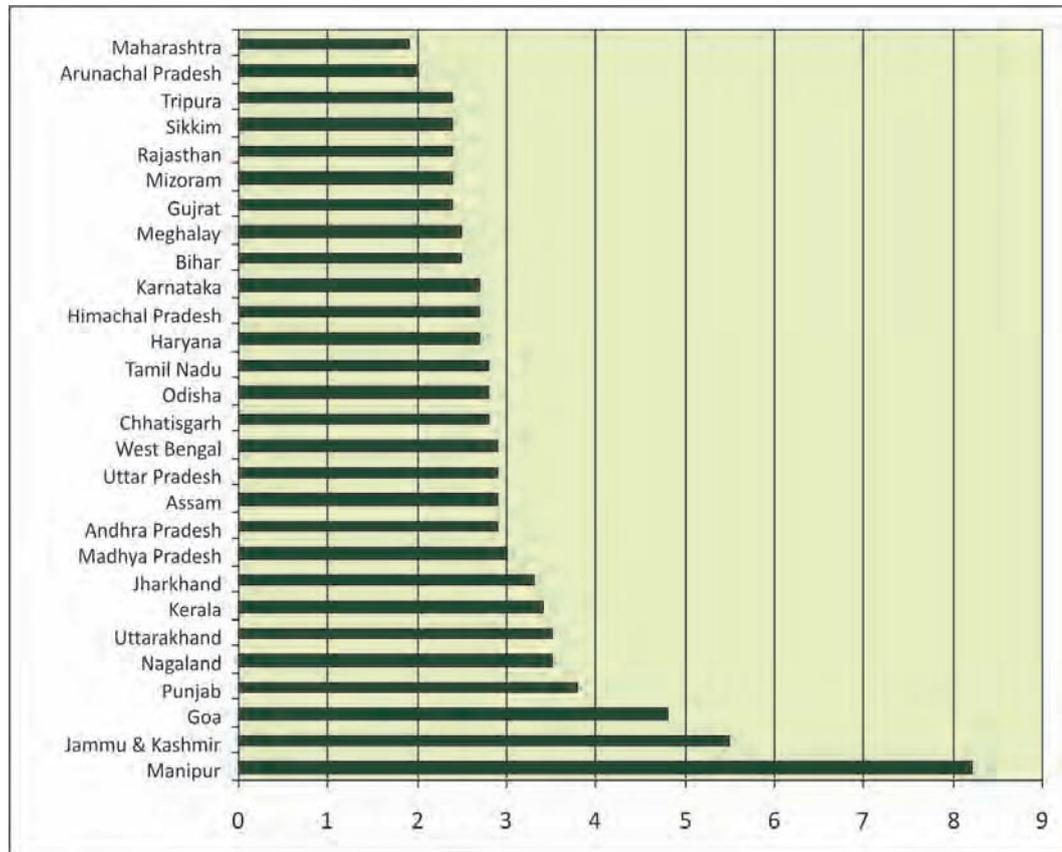
Fiscal Indicators	(% of GSDP)			
Fiscal components	FY2004- 08 (Average)	FY2010	FY2011(RE)	FY2012(BE)
GFD/GSDP	3.3	2.9	3.5	3.0
RD/GSDP	-1.8	-2.5	-2.0	-1.5
PD/GSDP	0.4	0.8	1.4	1.0
PRB/GSDP	-4.6	-4.6	-4.1	-3.5

Source: PHD Research Bureau, Compiled from RBI.  
RD: Revenue Deficit, GFD: Gross Fiscal Deficit, PD: Primary Deficit, PRB: Primary Revenue Balance.  
BE: Budgeted Estimates, RE: Revised Estimates, (-) sign refers to surplus.



Gross fiscal deficit as a % of GSDP of Madhya Pradesh stood at 2.9% during FY2010 but increased to 3.5% during FY2011. However, it has come down to the level of 3% during FY2012. The gross fiscal deficit as a % of GSDP is lower as compared to states like Jharkhand, Kerala, Punjab and Goa and is higher as compared to states like Maharashtra, Rajasthan, Odisha and Chhattisgarh.

### Comparison of Gross Fiscal Deficit as a % of GSDP



Source: PHD Research Bureau, compiled from RBI.

### Industrial investments

Madhya Pradesh has emerged as an important investment destinations and has attracted good deal of industrial investments. It has attracted industrial investment proposals of more than Rs 522301 crore in the last four years. The state has developed around 40 different zones like Agri exports zone, SEZ, Apparel Park, Integrated Industrial Development Centre etc. to develop the different industries across the state.

### Investment opportunities in Madhya Pradesh

<b>Auto and Auto Components</b>	The state has developed an industrial cluster at Pithampur which provides well developed infrastructure for companies to set up manufacturing units. The government of India has sanctioned an auto cluster in the Pithampur Industrial area. Around 60% of the auto industry is dominated by auto component players.
<b>Textiles</b>	Government of Madhya Pradesh has created specialized infrastructure in the form of Apparel Parks to provide an ideal platform for the development of textile industries in the state. A large number of cotton textile mills are clustered around Indore, Ujjain, Burhapur etc.
<b>Cement</b>	The state has total reserves of 3625.98 million tonnes of limestone, which is the primary requirement for cement industry and this makes Madhya Pradesh an ideal destination for setting up cement manufacturing units. Seven major cement plants are operational in the state at present.
<b>Tourism</b>	Madhya Pradesh is called the Heart of India because of its location in the centre of the country. It has been home to the cultural heritage of Hinduism, Islam, Buddhism etc. Innumerable monuments, exquisitely carved temples, stupas, forts & palaces are dotted all over the State. MP has been awarded as "Best State" for tourism promotion.
<b>Agriculture and agri business</b>	Madhya Pradesh is known as large producer of cotton, ginger, garlic, turmeric, chili, coriander, banana, guava, tomato etc. The state has vast scope to invest in this field and several AEZs have been set up for facilitating exports from Madhya Pradesh.
<b>IT/ ITeS</b>	Madhya Pradesh provides excellent investment opportunities in this sector. Four Software Technology Parks (STP) are to be setup in Bhopal, Indore and Gwalior. Large players like HCL and Genpact have shown interest in setting up facilities in the state.
<b>Forest based industry</b>	Forest based industries are key contributors to the state's economy. The state has a large forest cover of around 27%, with wide range of wood and forest produces like tendu leaf, mahua, neem etc. Large number of prominent herbs are also available in abundance which makes it an ideal choice for the forest based industries.
<b>Minerals</b>	Madhya Pradesh has rich and vast mineral deposits which include diamonds, slate, limestone, copper manganese among others. MP is the sole producer of diamonds in India and has more than 41% of the total national reserves of copper ore. Moreover Madhya Pradesh is a major producer of coal in India as well. These resources provide excellent platform to setup related industries in the state.

Source: PHD Research Bureau, Compiled from various policy papers of the Government of Madhya Pradesh

Madhya Pradesh provides excellent investment opportunities in various sectors of the economy. Conducive government policies add to the attraction for industrial investments. While the central location of Madhya Pradesh in the nation is also an added advantage. Madhya Pradesh has attracted more than Rs.575981 crore as industrial investment proposals since Jan 2008.

### Industrial Investments proposals in Madhya Pradesh vis-à-vis India (Rs Crore)

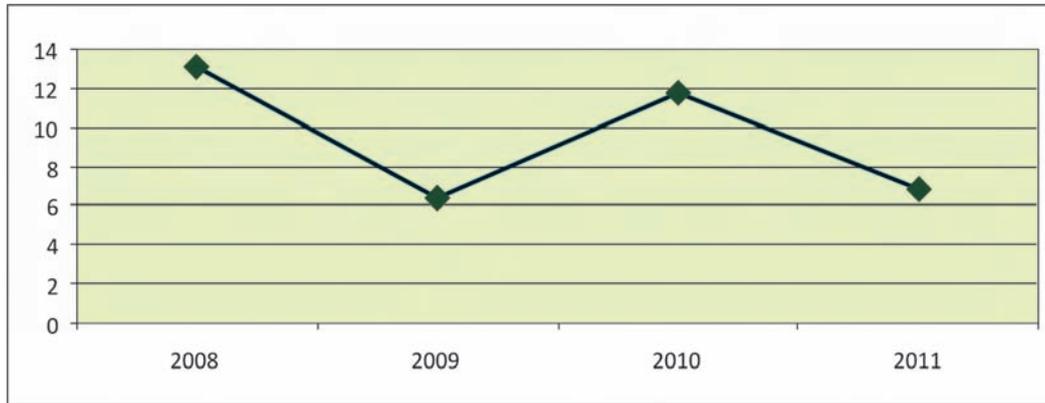
Year	Madhya Pradesh	India	Share of Madhya Pradesh
2008	199159	1523852	13.07
2009	66669	1040259	6.41
2010	204286	1736322	11.77
2011	104527	1539728	6.79
2012*	1340	179002	0.75

Source: PHD Research Bureau, Compiled from Department of Industrial Policy and Promotion, Govt. of India

\*investments upto march2012



### Trend in attracting industrial investments proposals (as % of India's total industrial investments)

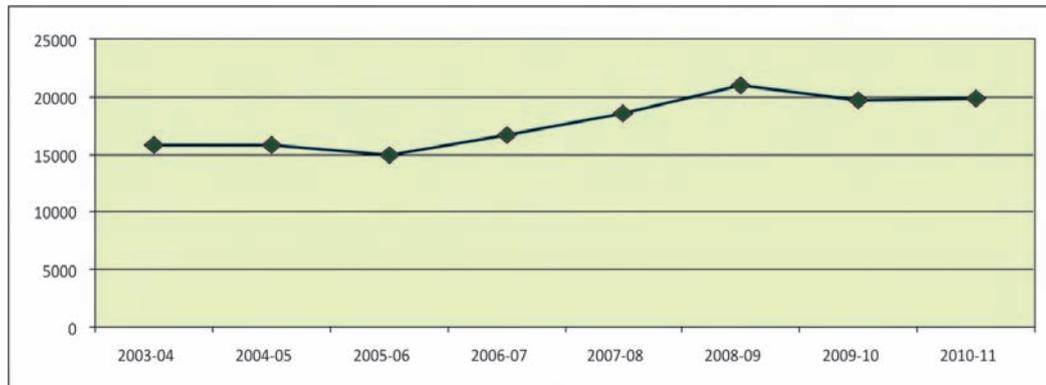


Source: PHD Research Bureau, Compiled from Department of Industrial Policy and Promotion, Govt. of India

### Small scale industries

Favourable government policies and availability of natural resources in the state have led to a good growth in the number of SSI units in the state. The number of SSIs has grown by around 25% in Madhya Pradesh between FY2004 and FY2011.

### Growth of SSI Units in Madhya Pradesh



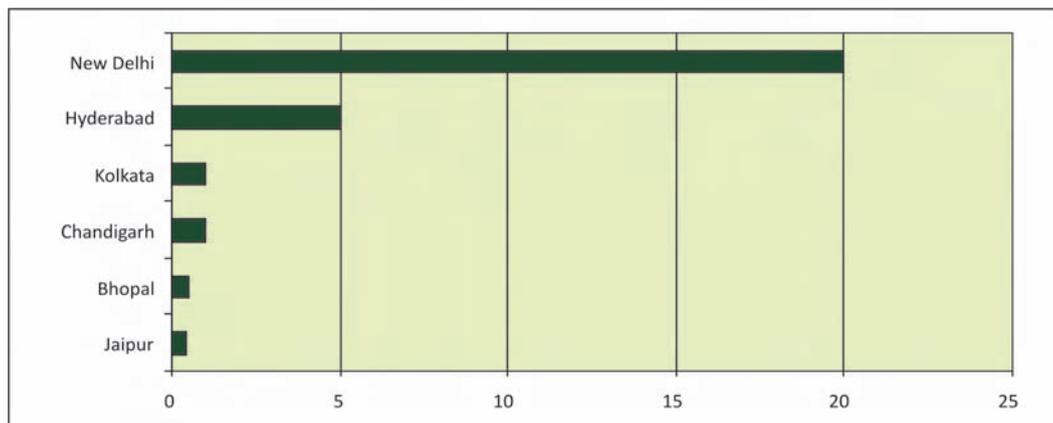
Source: PHD Research Bureau, compiled from Department of commerce, industry, employment, Government of Madhya Pradesh

### FDI inflows

The FDI inflows (Bhopal Region)<sup>3</sup> have shown excellent growth during the recent years. Bhopal region receives 0.5% of the total FDI inflows of India.

<sup>3</sup> Pertains to Chhattisgarh and Madhya Pradesh

**Regional (Bhopal) share of FDI (equity) in India's total FDI inflows**



Source: PHD Research Bureau, Compiled from Department of Industrial Policy and promotion, Govt. of India

Madhya Pradesh received FDI worth US\$44 million in FY2009 and US\$ 54 million during FY2010, which increased to US\$ 451 million during FY2011. However, the FDI inflows moderated in FY12 at US\$123, due to global economic slowdown. The cumulative inflows of FDI during FY2001-FY2012 have been estimated at around US\$777 million.

**Pattern in attracting FDI (equity) inflows: Bhopal Region**

Year	FDI inflows (US\$m)
FY2008-09	44
FY2009-10	54
FY2010-11	451
FY2011-12	123
Cumulative Inflows from(FY01 to FY12)	777

Source: PHD Research Bureau, Compiled from Department of Industrial Policy and Promotion, Govt. of India.

**Exports**

Madhya Pradesh has huge exports potential, the state has unique distinction of earning huge foreign exchange through high value exports of farm produce like soybean, soybean oil, variety of pulses, best quality bread wheat, fruits like mango, banana, vegetables of all types and seasons, spices, condiments, aromatic and medicinal herbs, produce from forests both timber and non timber, minor forest produce like leaves, fibre, natural dyes and many products of plant and animal origin.

**2. Agriculture**

With about 75% of the population dwelling in the rural area, agriculture is the mainstay of the state's economy. As much as 49% of the land area is cultivable. Madhya Pradesh is the producer of best quality of wheat, pulses, and other agricultural products. State is also known as a large producer of cotton,



ginger, garlic, turmeric, chilli, coriander, banana, guava, tomato etc. and state has vast scope to invest in this field.

### Summary of agro statistics

Sr. No	Components	Growth/ratio/ production
1	Agriculture and allied activities GSDP at Current prices (FY2011)	Rs. 63882 Crore
2	Growth of agriculture & allied activities - real GSDP ( Avg. from FY2006 to FY 2011)	5.00%
3	Contribution of Agriculture and allied activities in GSDP (FY 2011)	23%
4	Food Grain production (FY2011)	14957(Thousand Tonnes)
5	State's contribution to national food grain production (FY2011)	6.2%
6	State's rank in national food grains production (Fy2011)	6 <sup>th</sup> Rank
7	Yield --Total food grains (FY2010)	1217 Kg/ Hectare
8	Population dependent on agriculture	75%
9	Rice Production (FY2011)	1772 (Thousand Tonnes)
10	Wheat Production (FY2011)	7627 (Thousand Tonnes)
11	Coarse Cereals (FY2011)	2166 (Thousand Tonnes)
12	Pulses (FY2011)	3391 (Thousand Tonnes)
13	Oil Seeds (FY2011)	8035 (Thousand Tonnes)
14	Sugarcane (FY2011)	2667 (Thousand Tonnes)

Source: PHD Research Bureau, Compiled from RBI & Ministry of Agriculture RBI.

With a large variety of the food grain crops and commercial crops grown in Madhya Pradesh, the state is among the top ten producers of food grains as well as commercial crops among all the states in India.

### Agriculture production in Madhya Pradesh vis-à-vis India (Million Tonnes)

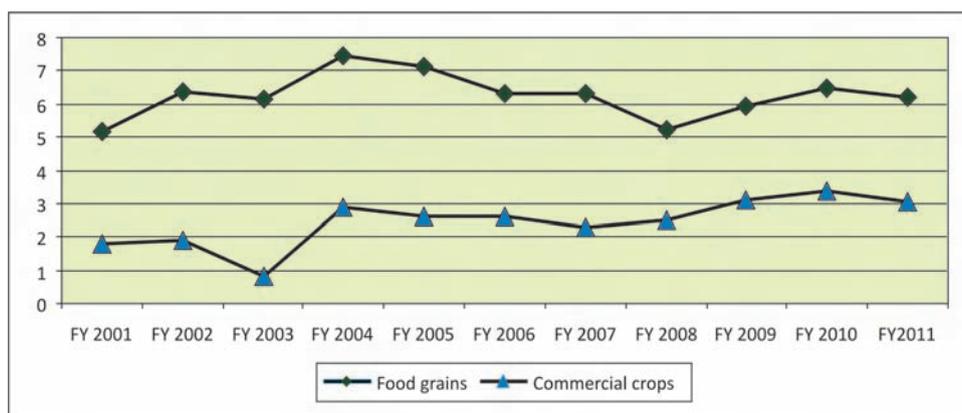
Year	Food Grains			Commercial Crops		
	Madhya Pradesh	India	Share of Madhya Pradesh in India (%)	Madhya Pradesh	India	Share of Madhya Pradesh in India (%)
FY 2001	10.18	196.81	5.17	6.00	334.80	1.79
FY 2002	13.60	212.85	6.39	6.57	339.88	1.93
FY 2003	10.74	174.78	6.14	5.09	643.67	0.79
FY 2004	15.96	213.19	7.48	8.13	284.23	2.86
FY 2005	14.10	198.36	7.11	7.57	288.14	2.62
FY 2006	13.19	208.59	6.32	8.89	338.48	2.62
FY 2007	13.74	217.28	6.32	9.45	413.91	2.28
FY 2008	12.07	230.78	5.23	10.39	415.03	2.50
FY 2009	13.19	234.47	5.93	10.80	345.38	3.12
FY 2010	14.17	218.20	6.49	11.38	334.00	3.40
FY2011	14.95	241.50	6.20	12.70	414.27	3.06

Source: PHD Research Bureau, Compiled from RBI & Ministry of Agriculture RBI.

Contribution of Madhya Pradesh in India's food grain production has been in the range of 5% - 7% between FY2001 and FY2011. Highest food grain production was registered during FY2004 with 15.96 million tonnes with a contribution of 7.48% in the national basket.

The share of commercial crops has grown during the last decade. Production of commercial crops has more than doubled between FY2001 and FY2011 from around 6 million tonnes during FY2001 to 12.7 million tonnes during FY2011. Share of Madhya Pradesh in the total commercial crop production of India has increased from 1.79% during FY2001 to 3.06% during FY2011.

**Share of Madhya Pradesh's in India's food grain and commercial crop production (% Share)**



Source: PHD Research Bureau, compiled from RBI, Ministry of Agriculture

## Agriculture policy

Recognizing the role of agriculture in the overall development of the state economy, the government of Madhya Pradesh has taken several pragmatic, futuristic initiatives to drive its growth. Agriculture in the state comprises a conglomerate of several farm and non-farm activities, which support livelihood of those dependent on it. Organic farming if widely implemented could play a vital role in the state agriculture

The state government has reverberated a comprehensive and cohesive commitment to convert the existing agriculture in to a profitable venture for millions of small holders, marginal farmers, landless and agriculture labours. Serious efforts on various issues related to resource management, market reforms, technology generation and dissemination, breaking barriers of yield through effective and harmonious research and development efforts, attaining a healthy and upwardly spiralling growth have been made.

MP State Organic Farming Policy intents to create, facilitate, and strengthen the enabling environment for developing integrated value chains of the organic farm produce encompassing end-to-end solutions for both primary producers and consumers. The policy entails on "farm – to – fork" approach reassuring abundant supply of "healthy food for all"

### 3. Economic policy

Madhya Pradesh provides a conducive investment environment and the state government has taken many initiatives to induce the industrial investment in the state. The state has come up as the industrial hub of central India. The state has developed around 40 industrial development centers in the state which include stone park, diamond park, IT park, Food park, AEZs, SEZs, IIDC, etc.

#### Industry

Madhya Pradesh has significant strengths in several areas and the government has made efforts to make the state policies extremely congenial for investors. Besides the DMIC which covers 800 sq feet (approx) of its area, the state is developing several other industrial corridors to make it the industrial hub of the country. The state has sound infrastructure to support rapid industrialization and several other projects are being implemented for a rapid capacity addition. Madhya Pradesh has a harmonious industrial work culture and the number of man-days lost per year is amongst the lowest in India. Distribution of persons (per 1000 in 2009-10) by age-group clearly shows the demographic dividend (63% of the labor force below 40 years) that the state has to offer. In addition, the state offers land banks for industrial use in Madhya Pradesh to the tune of approx 20,000 hectares, which is provided to the industries at subsidized rates, along with a vast array of incentives, ranging from entry tax exemption, exemption for electricity duty to captive power plants capital subsidy and interest subsidy.

To boost the pace of industrial investment the state government implemented new industrial promotion policy on 1 Nov, 2010 which will be in force for five years. The objective of this policy is to ensure faster economic development and employment generation by sustainable use of the resources available in the state. The policy pays special attention on promotion of small and medium enterprises to avert the adverse impact of global recession and industrialization in Madhya Pradesh. Under the industrial infrastructure policy in the state will be upgraded; and land bank will be created. Efforts would be made to provide land to investment projects with out difficulties. Incentives and facilities will be provided to achieve the objectives of industrial promotion. The policy encourages Public Private partnership models and stresses on strengthening Single Window System in the state under the provisions of Madhya Pradesh Investment Facilitation Act 2008.

The major objectives of the industrial promotion policy are:-

- To make the administration industry friendly by further simplifying rules and procedures.
- To make Madhya Pradesh a leading industrial state by accelerating the pace of industrialization.
- To maximize employment opportunities, implement self employment schemes effectively, and provide jobs to local people in the upcoming industrial units in the state.
- To attract investment in the industry and services sector by developing quality infrastructure.

Besides this, small Scale Units under the thrust sector industries like textiles, Information Technology, Bio-technology, automobile, pharmaceuticals, herbal, food processing, etc are to be given special capital incentives under the industrial policy.

## Housing Policy

A recent trend of rural urban migration has been observed in the state as people have shifted to urban areas in search of employment. The same is reflected from the expanding slum areas in the cities. Madhya Pradesh government came up with the first housing policy in the year 1995 and a revised policy was introduced in the year 2005. The policy is aimed at providing housing for all to ensure sustainable development. Following are the major objectives of the policy:-

- Estimation of the demand for housing in the state and planning.
- Rural planning and rural housing
- Sustainable development in the urban area
- Infrastructure development and availability of land
- Participation of private players in the development.
- Housing for the economically weaker section of the society.

## Forest Policy

Madhya Pradesh is blessed with a large forest cover and the state has a leading place in the wildlife conservation as well. Madhya Pradesh has been in the forefront of forest management and introduced the state forest policy in the year 2005. Under this policy, the management of forests through a rational, legal and institutional infrastructure, for conservation, development and sustainable use of forests, will be done in such away that, apart from environmental protection, ecological balance and groundwater conservation needs of forest dependent communities may also be fulfilled. The productivity of forests may be enhanced so that, along with the development of forest resources, socio-economic development of these communities may be ensured by providing them employment.

Major objectives of the State Forest Policy are as follows:-

- Expanding forest tree-covered area to make it one-third of the geographical area.
- Ensuring stability of the environment and ecological balance by developing government forests and private areas under forest cover through sustainable management of forests.
- Optimizing the use of timber, fuel wood, bamboo, fodder and minor forest produce, to maximise their production and creating atmosphere for regular availability of forest-based alternative employment to forest dependent families.
- Making efforts for sustainable development of weaker sections of the society, especially forest dependent tribal communities and women.
- Developing eco-tourism and herbal-health tourism in forest areas for the benefit of forest dependent communities and conservation of natural resources.
- Attracting private investment for the afforestation work on a large scale in the forestry sector.

## Services Sector

The share of services sector has been stable in Madhya Pradesh during recent years. The contribution of services sector in the GSDP of Madhya Pradesh was around 46% during FY2005-10. The service sector of Madhya Pradesh mainly includes tourism, information technology, higher education and banking.

**IT and ITES** -- Government of Madhya Pradesh has embarked upon an ambitious task of putting the state prominently on the Information Technology map of the country. The IT policy was first significant step in this direction. The State IT Department invites the IT industry and the IT infrastructure developers to participate in making the state an attractive investment destination. Four software technology development parks in Bhopal, Indore and Gwalior are in pipeline.

The government of Madhya Pradesh has laid great emphasis on computerization in government departments. The IT Policy of the government, of Madhya Pradesh also lays thrust on setting up of information kiosks for providing email, Internet and other value added services and Madhya Pradesh is home to first Indian Institute of Information Technology and Management (IIITM) at Gwalior.

In view of the opportunity of growth in the Information Technology sector, Madhya Pradesh government developed its IT policy way back in 1999. The broad vision of the state in the IT sector is summarised as follows:

- Improve the life of the common man leveraging the strengths of e-governance
- Attract investment in the sector so that the educated youth is able to contribute to the development of the State
- Create a pool of highly skilled professionals who are at par with the best in the country.
- Transform resource based economy to knowledge based economy.

Government of Madhya Pradesh constituted a state Task Force on Information technology and the focus of the IT policy was to change the Government functioning from both inside and outside and would create seamless society with global opportunity. The following were the salient features of the policy:

- The state would aim for employment opportunities for four hundred thousand to one million people in IT/ITES related activities.
- Providing information access to all citizens at an affordable cost and for achieving IT literacy in all the high schools and colleges by the year 2003 and taking it to all the schools by the year 2008.
- Computerization in government departments and agencies.
- The state goal of achieving a 10% share in the national output would translate to roughly one-third of the State Domestic Product (SDP) being contributed by IT, achieving this would require a direct private sector investment of the order of Rs.4500/- crore approximately.

**Banking** – Banks have become the spine for the development of the economy. They are not only significant for industrial development but also for the social development.

There are more than 5400 branches of different categories of banks in Madhya Pradesh with more than

3100 branches of commercial banks. Regional rural banks and nationalized banks also have very strong network to facilitate developmental activities of state. Regional rural banks in Madhya Pradesh contribute more than 20% in the total number of branches/ offices of banks in Madhya Pradesh.

### Banking scenario in Madhya Pradesh

Banks in Madhya Pradesh	No. of branches in Madhya Pradesh
Commercial Banks	3157
Regional Rural Banks	1090
Public Sector Banks	1191
Total	5438

Source: PHD Research Bureau, Compiled from Economic survey of Madhya Pradesh 2010-11  
Data pertains to Sep 2010.

The credit- deposit Ratio of the banks has been estimated around 59% during September, 2010 with deposits in the banks at more than Rs.134939 crores where as advances were around Rs.80000 crores. Loan disbursement to priority sectors is around 63% of the total advances. Agriculture & allied activities accounts for 37% in total advances. The share of loans given to weaker sections of society is more than 15% of the total advances.

### Madhya Pradesh's total credit and deposits

Category	Value Rs. crore
Deposits	134939
Advances	79449
C.D. Ratio	58.88
Loan Disbursements to priority sector	50606
(i) Agri and allied services	30060
(ii) Small Scale Industries and Others	10121
Advances to weaker section	11936

Source: PHD Research Bureau, Compiled from Economic survey of Madhya Pradesh 2010-11  
Data pertains to Sep 2010.

**Tourism**—Owing to its central location, Madhya Pradesh is referred to as the “heart of India”. It has been home to the cultural heritage of Hinduism, Islam, and Buddhism. Innumerable monuments, exquisitely carved temples, stupas, forts and palaces could be found all over the state. The world famous Khajuraho temples are also located in Madhya Pradesh.

The natural beauty of Madhya Pradesh is equally varied. The ranges of the Vindhyas and the Satpuras cross the state, giving rise to the rivers of Narmada, Tapti, Chambal, Sone, Betwa and Mahanadi. Spectacular mountain ranges, meandering rivers dotted with hills and stretches of dense forests offering a unique and exciting panorama of wildlife. One third of the state is forested and is home to the national parks of Kanha, Bandhavgarh, Shivpuri and many others.

## 4. Infrastructure

Infrastructure is a vital sector for the development of the industry and economy. Government of Madhya Pradesh is working towards the development of infrastructure to promote industry, commerce and trade in the state.

**Roads**—Roads are the major mode of transportation service available in the Madhya Pradesh. Being in plains Madhya Pradesh has a very large network of roads with the total length of almost 1 Lac Kilo meters. The length of national highways passing through Madhya Pradesh is around 4700 Kms. The state has done fairly well in the development of rural roads under Pradhan Mantri Gramin Sadak Yojna (PMGSY). The state has added more than 46000Kms. of roads since the inception of the scheme in December 2000.

**Road infrastructure**

Category of road	Length in Kms
National Highway	4709
State Highway	10249
Major district roads	19241
Other district roads	24224*
Rural roads under Pradhan Mantri Gram Sadak Yojana	40620
<b>Total</b>	<b>99043</b>

Source: PHD Research Bureau, Compiled from Economic Survey of Madhya Pradesh 2010-11

Data pertains to January 2011

\* Does not include roads transferred to PMGSY

**Railways** – Madhya Pradesh has a very large railway network and the state is well connected to the rest of the India through the railways. Almost 425 trains pass through the state on the daily basis. There are about 175 railway stations in Madhya Pradesh covering most of the major cities, towns and villages.

**Aviation** –There are five airports in the Madhya Pradesh namely Bhopal, Indore, Gwalior, Jabalpur and Khajuraho. The state is conveniently linked with the major Indian cities. Indore airport has the capacity of handling international cargo and an international airport is also proposed at Bhopal.

**Electricity**-- Electricity is one of the most important infrastructure ingredients for the development of an economy. The state has both thermal and hydro electric power plants, however most of the energy is produced in thermal power plants. The capacity owned by the state utilities comprise about 76% of the total power available in the state. Power generation capacity has been greatly improved during the recent years. The total power generation capacity of the state stands at 10202MWs during November 2010.

However, it may be mentioned that Madhya Pradesh is facing a serious power deficit of 20% which is significantly higher than the national power deficit of 8.5% (during FY2010). On the other hand, transmission and distribution loss posted by the state stands around 38%, which is also higher than the national level of around 25% (during FY2009). This is an area of concern.

### Power generation capacity

Category	MW
Thermal energy	2857.5
Hydro energy	922.95
Water project in joint venture (Narmada Venture)	2356.5
Power supply from Center	2375.98
Captive Power generation	1690
<b>Total</b>	<b>10202.93</b>

Source: PHD Research Bureau, Compiled from Economic Survey of Madhya Pradesh 2010-11  
Data pertains to November 2010

**Urban Infrastructure** — Urban areas in the state are faced by problems mainly due to inadequate infrastructure and unplanned migration of rural population. Around 27% of the total population of the state lives in urban areas. JNNURM has been implemented in four major cities of Madhya Pradesh namely Bhopal, Indore, Ujjain (heritage city) and Jabalpur with a total proposed investment of more than Rs.8000 crore.

**Telecom** – Madhya Pradesh, the second largest state of India supports a very large telecom subscriber base. According to TRAI, the total subscriber base of Madhya Pradesh was 5.25 crore in the month of November 2011, with 4.98 crore wireless subscribers and about 27 lac wire line customers. Madhya Pradesh contributes around 5.7% to the total telecom subscribers in India, with 5.6% share in wire less and 8.1% share in wire line segment.

### Telecom Subscriber base

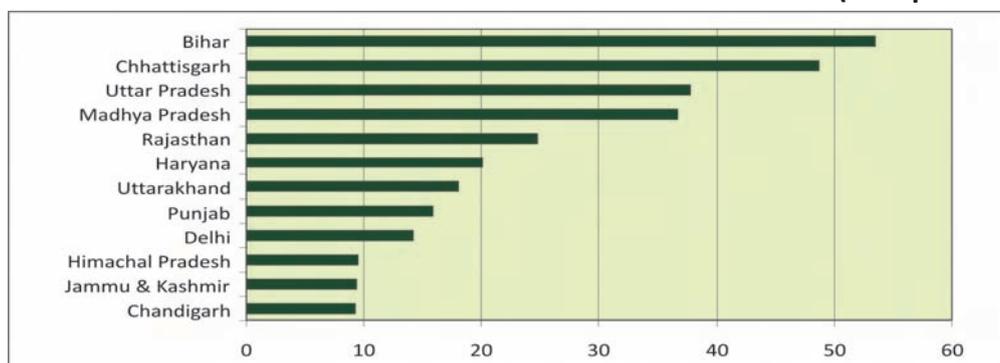
Name of the Region	Wireless subscriber	Wire line subscriber	Total
Madhya Pradesh	49818089	2686831	52504920
India	884371296	32960756	917332052
Share of Madhya Pradesh in India	5.63%	8.15%	5.72%

Source: PHD Research Bureau, compiled from TRAI as in Nov 2011.

## 5. Social infrastructure

**Poverty** – Madhya Pradesh has one of the highest incidences of poverty among the states of the India. Thus the poverty is an area of great concern for the state. During 2009-10, the percentage of people living below poverty line in the state is 36.7% which is quite high as compared to the national average of 29.8%.

**Population Below Poverty Line (BPL): Madhya Pradesh amongst other EAG states  
FY2009-10 (% Population)**



Source: PHD Research Bureau, Compiled from Annual Report to People on Health, September 2010

Note: Empowered Action Group (EAG) Scheme has been launched by Ministry of Health and Family Welfare and it covers the above eight states.

The incidence of poverty in rural areas was more than that of urban areas. In 2004-05 the percentage of population living below poverty line in rural areas was 53.6% as against 35.1% for urban areas

**Unemployment** – The state government has made focussed efforts to generate employment opportunities. The unemployment rate in Madhya Pradesh was 7.9% (2009-10) which is better than the national average of 9.4%. The number of persons on the live registers of Employment Exchanges as on June 2009 was 19.40 lakh, of which, the number of educated job-seekers were 15.55 lakh. During June 2010, the number of persons on the live registers reduced to 19.41 lakh; however, the number of educated job-seekers rose to 15.59 lakh. The state has 57 employment exchanges which have helped 5300 people in getting job till June 2010.

**Education & literacy** – Education contributes directly to the human resource development and quality of life. There are more than 87000 primary schools, around 8400 higher secondary schools, 250 degree colleges, and 9 universities. For providing technical education there are 79 polytechnic institutes, 200 industrial training institutes, 45 engineering colleges and 6 medical colleges in Madhya Pradesh. The state ranks number 15 in primary education<sup>4</sup>. Key national institutes in the state include Indian Institutes of Management (IIM) Indore, Indian Institute of Forest Management, Indian Institute of Hotel Management and International Institute of Professional Studies, Indore.

**Educational infrastructure**

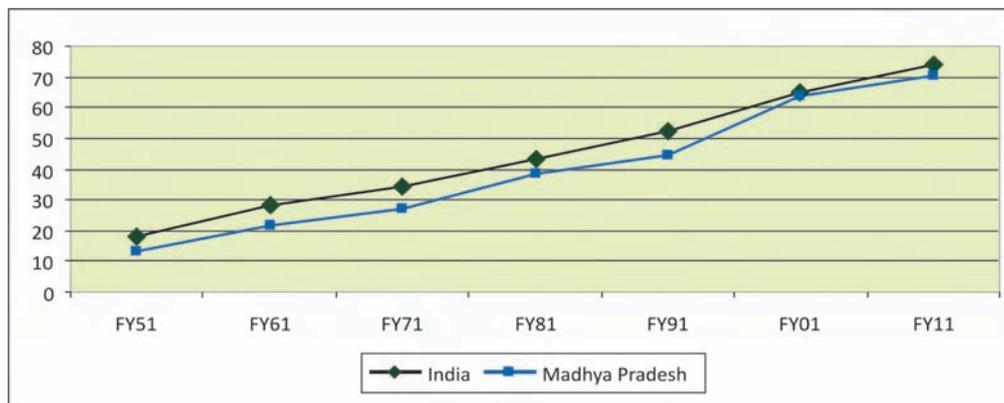
Educational Institutions	Number
Primary school	87620
Higher secondary school	8481
Degree colleges	250
Universities	9
Polytechnic institutes	79
Industrial training institutes	200
Engineering college	45
Medical college	6

Source: PHD Research Bureau, compiled from Indiastat

<sup>4</sup> Source, article by Laveesh Bandari and Bibek Debroy in India today dated 10th November.

Madhya Pradesh has been lacking in the literacy rate as compared to India. According to the 2011 census, literacy rate in the state stands at 70.60%. which is lower as compared to the national average of 74.04%.

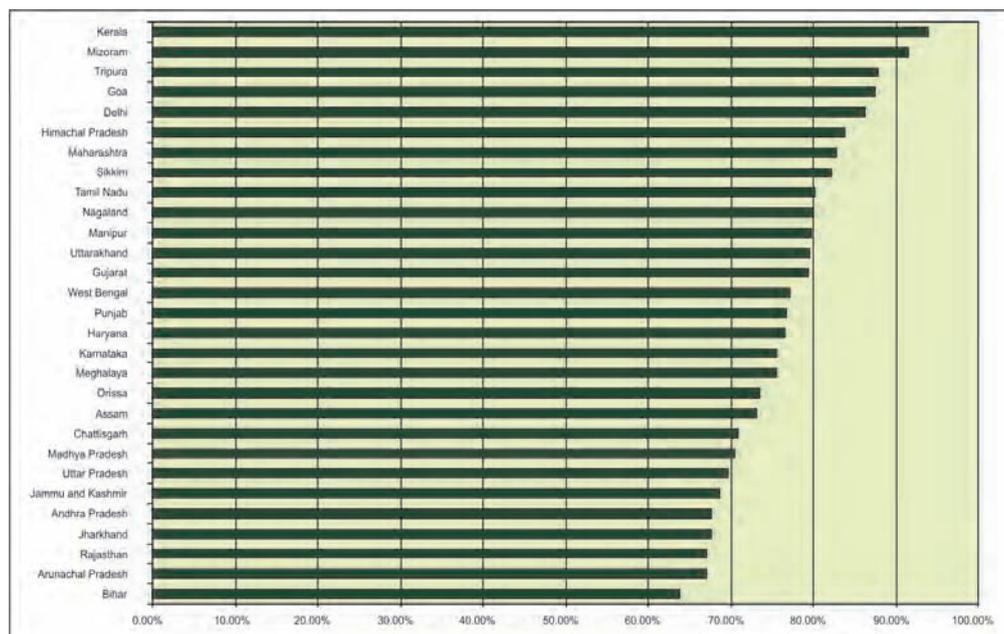
**Literacy rate: Madhya Pradesh vis-à-vis India**



Source: PHD Research Bureau, Compiled from Economic Survey of India 2011-12

Madhya Pradesh ranks 22nd in literacy rate among all states of India; which is lower than most of the states like Maharashtra, Gujrat, West Bengal and Orissa; however, Madhya Pradesh has performed better than states of Jharkhand, Rajasthan and Bihar.

**Trend in literacy in comparison with other states**



Source: PHD Research Bureau, Compiled from Economic Survey 2011-12

**Health** --The health infrastructure in the state comprises of 50 district level hospitals, 1115 primary health centres (PHC), 8860 sub health centres and 56 urban civil hospitals. There are 96 urban family welfare centres and civil dispensaries, 313 rural family welfare centres along with 7 Tuberculosis hospitals.

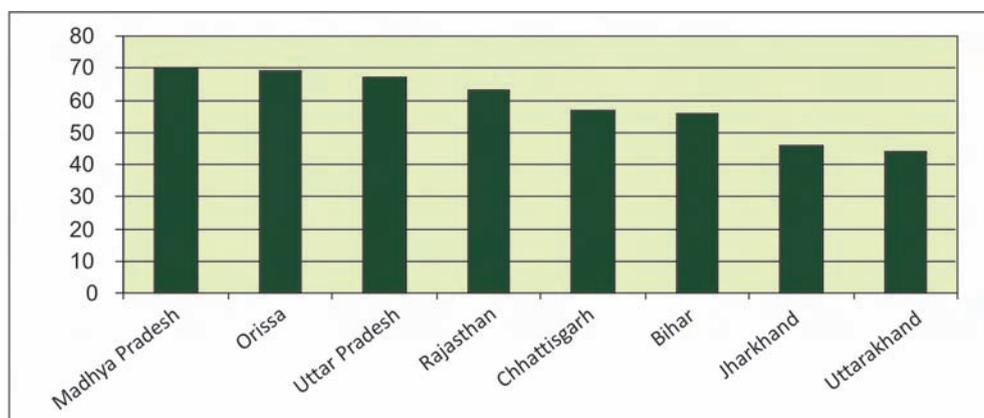
### Summary of Health Indicators

Infant Mortality Rate *	70 per 1000 live births
Total Fertility Rate (2008)	3.3 children born per woman
Per Capita Health Expenditure NHA-04-05	Rs 789
District Level Hospitals*	50
Primary Health Centres (PHC)*	1115
Sub Health Centres (SHC)	8860
Urban Civil Hospital	56
Urban F.W. Centers	96
Civil Dispensaries	96
Rural Family Welfare Centers	313
T-B Hospitals	7

Source: PHD Research Bureau, Compiled from Annual Report to People on Health, September 2010 and Annual Plan 2011-12 of Madhya Pradesh

There is a strong need to improve the per capita expenditure on health in Madhya Pradesh; the per capita health expenditure of Madhya Pradesh at Rs. 789 is almost 2/3 of the national average<sup>5</sup> of Rs. 1201. The infant mortality rate of Madhya Pradesh is highest in the country.

### Madhya Pradesh vis-à-vis other EAG states in IMR



Source: PHD Research Bureau, Compiled from Annual Report to people on Health, September 2010.

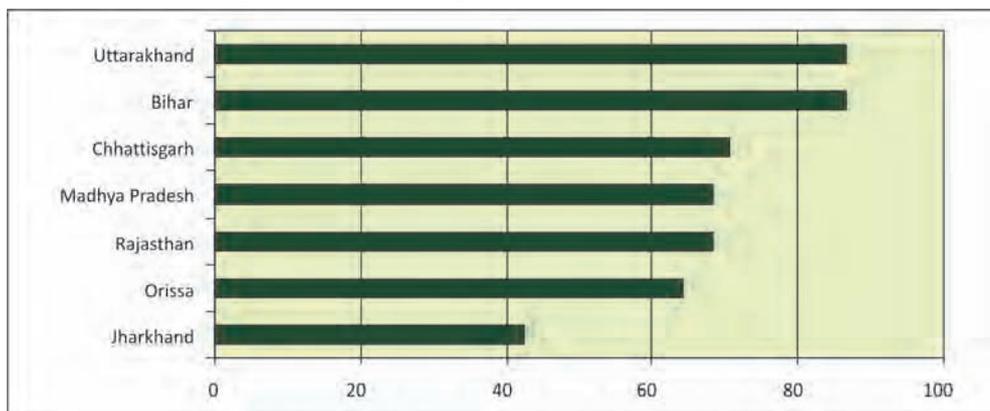
Note: Empowered Action Group Scheme has been launched by Ministry of Health and Family Welfare and covers the above eight states.

### Availability of safe drinking water

Although Madhya Pradesh is home to many rivers, it has not performed very well to make safe water accessible to people. Around 68.4% homes in Madhya Pradesh have access to safe drinking water which is significantly lower than the national average of 77.9%.

<sup>5</sup> Average national per capita health expenditure is Rs1201. Annual report to people on health Sep 2010.

**Availability of Safe drinking water to households (%)**



Source: PHD Research Bureau, Compiled from Economic Survey 2010-11

## 6. Performance in the six thrust areas focused by PHD Chamber

The six thrust areas of PHD Chamber of Commerce and Industry are industrial policy, infrastructure, education and skill development, health, housing, agriculture and agribusiness. Madhya Pradesh is one of the fastest growing states of India and has done well in the areas focussed by the Chamber.

### Performance in six thrust areas

<b>Agriculture &amp; Agribusiness</b>	Madhya Pradesh is among the top ten producer of food grain and commercial crops of India, and more than three-fourth of the population is dependent on it for livelihood. The state has about 70% of gross cropped area as rain fed farming area. The yield is considerably lower than national averages. Agricultural Department has performed well on seed distribution, fertilizer distribution, seed exchange programme and seed reliance programme while in case of micro irrigation performance was above average.
<b>Education and Skill Development</b>	The state has universalized access to primary and upper primary education. The gross enrolment ratio (GER) has been 120.31% at primary level and 104.12% at middle level during the year 2009-10. Successful implementation of Sarva Shiksha Abhiyan (SSA) has increased the enrolment and pass out rate at the elementary level and now there is a need to expand secondary education facilities. There are more than 250 degree colleges in the state. There are 200 industrial training institutes, 79 polytechnic institute, 45 engineering colleges and 6 medical colleges in the state as well. The state has performed well in the areas of education and skill development, however the literacy rate of state is lower than that of the national average.
<b>Health</b>	There is a strong need to improve the per capita expenditure on health in Madhya Pradesh. The infant mortality rate of the state is highest in India. Present infrastructure for providing health facilities to all the citizen of the state is insufficient as per the norm laid down by the Central Government. Even human resources are not adequately available to deliver the services efficiently. Providing access to health care facilities to rural population is still a challenge. Although state government has offered attractive packages to motivate doctors and paramedical personnel to work in rural areas, but lot more needs to be done.
<b>Housing</b>	The government has taken up several projects to meet the housing needs of the growing population. The Housing Development Board has been made responsible for undertaking housing development projects. Various housing projects, catering to all income groups have been successfully accomplished all over the state by the Development Authority of Madhya Pradesh.

<b>Industrial Policy</b>	Madhya Pradesh has a well diversified and stable industrial environment. Auto and auto Components, textiles, cement, tourism, IT/ ITeS, forest based industry, mineral and stores are the thrust industries of the state in which Madhya Pradesh has performed very well. The state has been able to attract very large amount of industrial investment due to favourable environment and supportive industrial policy. The state government has identified and established several industrial clusters in Indore, Gwalior, Jabalpur, Bhopal and Rewa. Tourism is also being developed as an important industry.
<b>Infrastructure</b>	The state government is keen to develop industrial infrastructure and Madhya Pradesh is one of the largest recipient of industrial investments in India. Government of Madhya Pradesh is working towards the development of infrastructure to promote industry, commerce and trade in the state. State has good network of roads and railways. State has good aviation infrastructure as well with five airports, however there is no international airport in the state.

## 7. Budget Highlights 2012-13

The budget 2012-13 has been formulated to accelerate the industrial and infrastructural development in the state. It has largely focused on infrastructure development to facilitate industrial growth and social sectors to improve the quality of the life of the common man.

With the view to step up infrastructure, Rs.7710crore has been allocated for the energy sector. Government has made a provision of Rs.3469 crore for road construction and Rs. 1225 crore for the maintenance of the roads. A provision of Rs. 97 crore has been made for the development of industrial infrastructure.

The state has provided Rs.12119 crore for the education sector and a provision of Rs.2165 crores has been allocated for free bicycles, uniforms and distribution of books to the students.

Health sector has received Rs. 3596 crores and a provision of Rs. 1449 crore has been made for water distribution. For the all-round development of women and child a provision of Rs.4036 crore has been made in the budget.

A separate agriculture budget for the agriculture and allied sectors has been announced. Total provision of Rs.3910 crore has been made for the development of irrigation facilities. State assistance of Rs. 1550 crore will be provided for consumption of energy in irrigation sector. A provision of Rs. 1563 crore has been made for forest and environment.

### Budget at a glance (2012-13) Rs. Crore

Category	2012-13 (BE)
Total Expenditure	80030
Revenue surplus	6370
Fiscal deficit	10017
Total revenue receipt	69913
Revenue expenditure	63543
Plan expenditure	31743
Revenue Surplus	1.89% of GSDP
Fiscal Deficit	2.98% of GSDP

Source: PHD Research Bureau, Compiled from Budget of Madhya Pradesh 2012-13

## 8. Conclusions & Recommendations

Madhya Pradesh is the central state of India. Blessed with immense natural beauty and rich cultural heritage, the state provides for ideal environment for agriculture, an excellent industrial base coupled with a progressive, investor friendly government. The state is endowed with rich and diverse natural resources including forests, water and minerals, which together contribute to the overall wellbeing of the state's economy and the local population. Madhya Pradesh is one of the fastest growing states in India and has shown a healthy growth path, growing at an average rate of around 8% during the recent years. The services sector contributes around 47% in GSDP followed by the industry and agriculture sectors at 29% and 23% respectively in FY2011.

Agriculture is one of the most significant sectors of the economy of Madhya Pradesh with 3/4th of the workforce of the state dependent on it for their livelihood. Favourable soil and climatic conditions have helped the state to be a leading producer of coarse cereals, oilseeds and soybean in the country. Madhya Pradesh is the producer of best quality of wheat, pulses and other agricultural products. The state is also known as a large producer of cotton, ginger, garlic, turmeric, chili, coriander, banana, guava and tomato.

The economic policy of the state mainly focuses on agro food processing, forest based industries, mining, tourism, biotech and IT. Madhya Pradesh offers favourable and conducive milieu for undertaking industrial ventures coupled with availability of skilled and semi skilled labour force. The state has a good infrastructure to support rapid industrialization and boasts of a harmonious industrial work culture. Madhya Pradesh is a frontrunner in promoting industrial growth by offering gamut of incentives to promote rapid industrialization. The secondary sector has grown by average 9% during FY2006-11. The state provides excellent investment environment and has attracted more than Rs. 575981 crore industrial investment proposals in the last four years.

In the services sector, tourism, IT and banking are the important areas. The state is home to the country's first Indian Institute of Information Technology and Management (IIITM), which is located in Gwalior. Five information technology parks, located at Bhopal, Indore, Gwalior and Jabalpur, are at various stages of development. The IT Policy of the state provides incentives to the investors in the information technology sector and all the IT parks in the state have been given SEZ status.

Despite several measures undertaken by the government, the social sector of the state is still weak and needs to be improved. With one of the lowest per capita income in the country, Madhya Pradesh has very high levels of poverty. The state is below national averages on various health and social indicators (life expectancy, literacy etc). However, the state government has taken several steps to address the gaps in its social infrastructure by inviting investments from the private sector.

### Recommendations

Madhya Pradesh is an agrarian state and in view of the large dependency on agriculture for livelihood, the state government has unveiled policy reforms aimed to convert the existing agriculture to a profitable venture for millions of small holders, marginal farmers, landless and agriculture labours. Further, reforms



related to resource management, technology generation and attaining a healthy growth rate has been made. However, despite these strengths, the state has stagnating farm productivity with a yield of 1217 kg/hectare during 2011, which is significantly lower than the national average. The government needs to take up measures to step up farm productivity and ensure proper farm-gate linkages along with cold chain infrastructure so as to facilitate smooth supply and availability of food grains. The process would also help provide for sustainable employment and income to the rural poor.

Madhya Pradesh has attracted a large number of agro-based industries. Measures taken up by the state government towards promoting agro processing and agri business have gone a long way in enhancing investments. Further, agro-processing zones and value-addition in different agro-climatic zones in the state could attract greater private investments. There is need for agricultural output to operate with an increased focus on processing and value addition. To promote competitiveness and efficiency in the marketing chain, impetus needs to be provided to establish private mandis.

The state has a well developed horticulture sector and the major crops focused are orange, banana, mango and pomegranate. Flowers are also grown on large area in the state. Since the state is a large producer of fruits it can provide an excellent platform for the development of agro based food processing industries. Around 31% of the state is under forest cover with abundant natural resources which provide for raw material to forest based industries.

Small Scale Industries and forest based industries constitute an important segment of the state's economy in terms of employment generation, source of foreign exchange earnings and exports. This sector mainly comprises units like handicraft sector, auto components and industries based on raw material from forests. Madhya Pradesh provides conducive investment environment and the state government has taken many initiatives to induce the investments in small scale industries. The state should promote private sector investments and encourage the creation of their long term partnerships in these industries. These investments can be attracted through lucrative policy benefits to promote Public Private Partnerships.

The demand of power is rising sharply on account of large expansion in economic activities within the state. On the other hand, Madhya Pradesh is facing a serious power deficit of 20% which is significantly higher than the national power deficit of 8.5% (during FY2010). Further, transmission and distribution loss posted by the state stands around 38%, which is higher than the national level of around 25% (during FY2009). Thus, there is a need for speedy approvals of power projects, project management techniques, rapid upskilling of manpower, strengthening transmission and distribution system and taking on alternative sources of energy such as wind, bio gas, agricultural biomass and hydro projects. This would aid in meeting the rising demand and supply gap and making the state self reliant in power generation.

Madhya Pradesh is known world-wide for its enormous contribution to the rich tradition and culture of India. Heritage assets, all over the state provide for immense potential for development of tourism. Maintenance of the heritage sites should be taken care of. The tourist guides should be registered and procuring information should be made easy. The state is endowed with enormous potential for development of rural tourism which can provide for sustainable livelihood to the vast rural population in the state.



The state has relatively weak financial exposure with the credit deposit ratio of all scheduled commercial banks at a low level of around 59% against the national average figure of around 75%. The state government should focus on increasing the outreach through rapid financial inclusion. To push it on sustained economic growth momentum, there is an urgent need to expand the base of financial services, with a particular focus on the rural economy and the small and medium entrepreneurs. In view of the low savings potential of the people, expanded financial services must be cost effective and their delivery should be of high quality.

The social sector has improved over the years, but still remains an area of concern. The poverty level of the state stands at around 38%, which is very high in comparison to the national average of around 27%, whereas its literacy level stands at around 70%, which lies below the national literacy level of around 74%. Although, unemployment rate in the state stands at 7.9% (FY2010), which is better in comparison to the national level of 9.4%, but still there remains a lot of scope to reduce it. There is a strong need to improve the per capita expenditure on health expenditure at Rs. 789, which is very low as compared to the national average of Rs. 1201.

Going forward, there is a tearing need to address these challenges and the state should strive towards the development of human resources, job oriented education system, setting up of skill development centres and vocational training institutes to strengthen the educational infrastructure, creation of employment opportunities, improving income levels and enhancing the potential for economic growth.



### Some important contacts

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(अखण्ड प्रताप सिंह)  
अध्यक्ष

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