

# State Development Monitor

A monthly newsletter of Northern & Central States of India



- Bihar
- Chandigarh
- Chattisgarh
- Delhi
- Haryana
- Himachal Pradesh
- Jammu & Kashmir

- Jharkhand
- Madhya Pradesh
- Punjab
- Rajasthan
- Uttar Pradesh
- Uttarakhand

May 2014

## SDM Newsletter

States have marked significant developments in all the spheres. Various economic advancements have been observed in states such as state-run banks revive plan to raise equity and Rajasthan is among most business-friendly state according to plan panel. Various industrial developments have been marked such as sugar mills may owe farmers Rs 12,000 crore for cane by end of September, 2014.

Rural economy of states has also strengthened with notable developments such as Haryana government has approved comprehensive agriculture policy and nearly 60.03 lakh mt wheat has been procured in Madhya Pradesh.

States are in the way to boost their infrastructural developments as fourteen states are to launch project monitoring teams and Uttarakhand will implement new water policy. Further, NBCC starts waste recycling plant in Delhi township. On educational front, Delhi University has revised undergraduate admission norms.

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## 1. Economic developments

### 1.1 State-run banks likely to continue as insurance agents

State-run banks are likely to get a respite as the government may set aside its order directing them to act as insurance brokers. The finance ministry is considering allowing banks to choose whether to act as brokers or pursue the existing model of insurance agent of a single insurer. The recommendations of the working group are being discussed. Based on the recommendations, the insurance regulator may also contemplate amendments to the regulations. The issue has already been transferred to Financial Stability and Development Council (FSDC), and will be taken up during the next meeting. The regulators will work out a mechanism that IRDA could relax the guidelines which state that while acting as brokers banks will have to cap business from their own group companies at 25% for both life and non-life business. At present, banks are allowed to sell products of one company from life, non-life and health insurance businesses. If banks act as brokers, they can sell products of all companies.

**State-run banks revive plan to raise equity**-Public sector banks which had shelved plans to raise funds in adverse market conditions, are once again lining up QIP (qualified institutional placement) issues to strengthen their capital base and finance business growth. Earlier, the view was that the market conditions were not good and the issue may not succeed. But now the market conditions appear to have improved and there is a definite sense of anticipation. Industry analysts point out that while demand for large corporate credit continues to remain slow, most state-run banks will need money to meet Basel-III capital norms.

### 1.2 Rajasthan

#### **Rajasthan among most business-friendly state: Plan panel**

According to a study, which was authorised by the Planning Commission, has grouped the states in three categories-top, middle and bottom based on various parameters. The study measured compliances, approvals and clearances related to finance, tax, labour, infrastructure and utilities, and environment. The states in the top category are Gujarat, Madhya Pradesh, Rajasthan and Chhattisgarh. The other states in this category are Andhra Pradesh, Haryana, Kerala, Tamil Nadu and Odisha. The study covered all 28 states and was carried out over a 5 month period starting from September 2013. On the basis of overall rating, the study has placed Bihar, Himachal Pradesh, Karnataka, Maharashtra, Mizoram, Nagaland, Punjab, Uttar Pradesh, Uttarakhand and West Bengal in the middle category for business regulatory practices. While, the states figuring in the bottom list of the study are Arunachal Pradesh, Assam, Goa, Jammu and Kashmir, Jharkhand, Manipur, Meghalaya, Sikkim and Tripura.

## 2. Industry developments

### 2.1 Sugar mills may owe farmers Rs 12,000 crore for cane by end of September 2014

Sugar mills across the country are set to end the 2013-14 crushing season (October-September) with cane arrears of over Rs 12,000 crore. Mills in Uttar Pradesh may end the crushing season with close to Rs 7,800 crore arrears, followed by their counterparts in Karnataka with around Rs3,600 crore. Payments due for the current season are about Rs 3,400 crore. Including last year, the total arrears stand at around Rs 3,600 crore. The build-up in cane arrears is attributed to the high cost of production, driven by higher cane price and lower-than-expected realisations. Though sugar prices rebounded from a five-year low in February this year, millers said it may take a while to recover.

## 3. Rural economy: Agriculture & agri business developments

### 3.1 Haryana

**Haryana government approves comprehensive agriculture policy**-The Haryana government has approved a comprehensive agriculture policy aimed at attaining inclusive growth exceeding 4% in the farm sector. The state government will strive to ensure un-interrupted supply of electricity to the farmers for eight hours per day, focus on productivity of allied sectors like horticulture crops, livestock, fisheries and poultry and promote dairy- based integrated farming system. The policy also focuses on ensuring efficient credit and delivery systems, reforms in marketing system and safety net programs, more emphasis on processing and value addition, agricultural research and development and empowerment of women. Other areas to be covered by the policy include diverse agro-ecology and cropping patterns.

**Haryana procures 58.89 lakh tonnes wheat**-About 59 lakh tonnes of wheat has so far arrived in various mandis in Haryana during the current procurement season. HAFED has purchased highest 22.16 lakh tonnes wheat followed by 16.63 lakh tonnes purchased by Food and Supplies Department. Similarly, Agro Industries Corporation has purchased 5.28 lakh tonnes, Haryana Warehousing Corporation 5.90 lakh tonnes, CONFED 1.43 lakh tonnes and Food Corporation of India 7.44 lakh tonnes during this procurement season. Sirsa is leading district in the wheat arrival where 7.88 lakh tonnes of wheat has arrived in the mandis, followed by Karnal at 6.31 lakh tonnes.

**Haryana urges Supreme Court to lift 'forest' tag from Aravali land**-The state of Haryana has moved to the Supreme Court aiming to free huge tracts of land declared as "forest" by the court in a mining related case in 2004. The Haryana government contested records of its own forest department which identify the land as "forests". It urged the apex court to modify/clarify its order of 2004 where it had banned non-forest activities in areas covered under Section 4&5 of Punjab Land Preservation Act (PLPA) without prior approval of the central government as per the Forest Conservation Act, 1980. Taking out land from the ambit of Section 4&5 of PLPA will pave the way for more construction in these areas. The state has also said that the areas covered under the said

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notifications are privately or community owned lands. It has further argued that the PLPA permitted regulation of the areas is for temporary periods and not on permanent basis.

### 3.2 Madhya Pradesh

**60.03 lakh mt wheat procured in Madhya Pradesh**-About 60.03 lakh MT wheat has been procured so far in Madhya Pradesh this season. Wheat is being procured from farmers through 2,985 procurement centres. Farmers are being given Rs 150 per quintal bonus, apart from support price of Rs 1,400 per quintal. So far, state Civil Supplies Corporation has procured 41.92 lakh MT and MARKFED 18.11 lakh MT wheat while the procurement will continue till May 25, 2014.

## 4. Infrastructure developments

### 4.1 State-owned oil companies lose Rs 6.80 on each litre of diesel sale

The loss on sale of diesel has climbed to Rs 6.80 even as state-owned oil companies for the second time skipped the monthly price increase on government diktat. State-owned firms Indian Oil Corp, Bharat Petroleum Corp and Hindustan Petroleum Corp are losing Rs 6.80 on every litre of diesel sold, up from Rs 5.49 a litre last month as rupee depreciated against the US dollar and international oil prices firmed up. The loss, which is made good through government subsidy, was on a declining trend since March when it stood at Rs 8.37. This was a result of rupee strengthening against the US dollar. The oil firms last month skipped the monthly hike of 40-50 paise a litre that the Cabinet had decided in January last year for wiping out of entire losses, on the pretext that losses have dropped below Rs 6. Rs 6 was the subsidy that an expert committee headed by Kirit Parikh had suggested should be provided by the government. That report has not been accepted by the government so far.

**States asked to clear over 63,000 pending mining applications**-The Centre has asked the states to clear over 60,000 applications without delays. A huge 63,395 mineral concession applications are pending with Karnataka, Andhra Pradesh, Rajasthan, Chhattisgarh, Goa, Gujarat, Jharkhand, Madhya Pradesh, Maharashtra, Odisha and Tamil Nadu. We have asked these states to clear the applications within a stipulated timeframe. The ministry has already asked these states to apply provisions of the mines and mineral Development and Regulation Act (MMDR Act) to dispose of cases.

**Fourteen states to launch project monitoring teams**-Fourteen States are to set up monitoring groups to facilitate clearance of projects with investments under Rs 1,000 crore. The States include Gujarat, Rajasthan, Uttar Pradesh, Kerala, Karnataka, Andhra Pradesh, Maharashtra, Madhya Pradesh, Bihar, Jharkhand, Chhattisgarh, Odisha, West Bengal and Assam. The monitoring bodies to be set up by the States will be similar to the one at the Centre. The Prime Minister's Project Monitoring Group at the Centre, which has assisted in clearing several big-ticket projects in less than a year, has developed software for each State. The first round of training of officials is also over. The Centre's Project Monitoring Group, set up in June 2013 under the Cabinet Secretariat, has helped clear projects worth over Rs 5 lakh crore. This was achieved by bringing to the table all Departments, Ministries and agencies connected with a project that has not got off the ground.

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### 4.2 Bihar

**Government evaluating site in Bihar for 4,000 MW Ultra Mega Power Project**-The Power Ministry is evaluating a site in Bihar for setting up a 4,000 MW ultra mega power project and has approached the Coal Ministry for allocation of a nearest coal block for the thermal plant. However, the proposed plant is likely to be fed coal from a mine either in Jharkhand or Odisha. Once finalised this would be the first load centre project, as coal will be made available from a nearby coal block through road or railways. The earlier operational or allotted UMPPs have either been pit-head projects (right where the coal mine is) or coastal plants based on imported coal.

### 4.3 Delhi

**NBCC starts waste recycling plant in Delhi township**-National Buildings Construction Corporation Ltd (NBCC) is planning townships in Alwar, Gurgaon, and Khekra (near Delhi-Saharanpur Highway) in the coming 3 months. It will consist of 500-1,000 affordable housing units. Further, the Construction & Demolition Waste Recycling Plant installed by NBCC has been inaugurated in the Capital. The plant would save transportation cost of C&D waste material, besides reducing the material required for the project. It can process 150 tonnes of C&D waste a day, which in turn shall produce 30,000 bricks/kerb stone and shall be used in the construction of the project. It is estimated to save Rs 3 crore on transporting and recycling waste and another Rs 6-7 crore as the recycled product will be 30% cheaper.

### 4.4 Punjab

**Power utility in Punjab shuts down 8 units**-Power utility PSPCL in Punjab has shut down its eight power generating units temporarily as it is getting cheaper power from new units and central power projects. A few units of PSPCL thermal plants have been backed down due to more availability of power from new and upcoming thermal plant of Rajpura and other plants in Central Sector such as Ultra Mega Power Projects Mundra in Gujarat and Sasan in Madhya Pradesh. PSPCL is presently getting 90 Lakh units, 40 lakh units and 138 lakh units per day from Mundra, Sasan and Rajpura plant respectively. Power from these plants is cheaper which led to obvious decision of backing down own thermal plants and buying power at lower cost which is purely a commercial decision.

### 4.5 Uttarakhand

**Uttarakhand will implement new water policy**-A new water policy will soon be implemented in Uttarakhand with emphasis on preservation of its water resources and their controlled use. The irrigation, forest and water resources development departments has been directed to jointly work out a new policy which puts emphasis on reviving the rivers of the state and devising water preservation schemes in villages located along their banks. A state-level policy planning group consisting of experts from different fields would be set up which will prepare schemes meant for the social and economic development of Uttarakhand.

**High level panel suggests scrapping of 24 power projects in Uttarakhand**-A high-level committee of the Environment Ministry has recommended that atleast 24 power projects should be scrapped in Uttarakhand. After considerable discussions and analysis, the Expert Body concluded that of the 24 proposed hydropower projects (HEPs) that Wildlife Institute of India (WII) recommended for review, 23 HEPs would have significant irreversible impacts on biodiversity values. The EB recommends that

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for the 23 proposed HEPs out of the 24 identified by WII that would have irreversible impacts on the biodiversity of Alaknanda and Bhagirathi Basins, the HEPs that fall in any of the following conditions should not be approved for construction.

## 5. Educational developments

### 5.1 Delhi University revises undergraduate admission norms

In a bid to streamline the undergraduate admission process in Delhi University (DU) slated to begin on June 2, 2014. DU has announced a series of measures like doing away with additional eligibility criteria set by colleges, giving weightage to vocational subjects and scrapping entrance tests for most courses. The DU has modified the formula for calculating the cut-off percentage this year. Until now, colleges used to announce a cut-off range for a course, primarily on the basis of the stream opted by a student in Class XII — humanities, science or commerce. This year, depending on the choice of main discipline, the cut-off percentage for that subject will be 2% lower if the student has studied that subject in Class XII.

## Summary of economic indicators of Northern &amp; Central states of India

| Macro-Economic components                         | Bihar | Chattisgarh | Delhi  | Haryana | HP    | J&K    |
|---|-------|-------------|--------|---------|-------|--------|
| Real GSDP (Rs. bn) <sup>1</sup>                   | 1786  | 922.1       | 2361.6 | 2010.8  | 472.5 | 454.0  |
| Geographical Area (Sq Km)                         | 94163 | 136034      | 1483   | 44212   | 55673 | 222236 |
| Population Size (mn) <sup>2</sup>                 | 103.8 | 25.5        | 16.8   | 25.4    | 6.9   | 12.5   |
| Economic Growth <sup>1</sup>                      | 8.8   | 7.0         | 9.3    | 6.9     | 6.2   | 5.9    |
| State GSDP as % of India's real GSDP <sup>3</sup> | 3.1   | 1.6         | 4.1    | 3.5     | 0.8   | 0.8    |
| Per-capita Income (Rs) <sup>1</sup>               | 16083 | 28708       | 127667 | 68040   | 54494 | 31773  |
| Growth of Agriculture Sector <sup>1</sup>         | -2.2  | 2.6         | 3.2    | 3.2     | 13.4  | 1.4    |
| Growth of Industry Sector <sup>1</sup>            | 13.5  | 6.1         | 1.4    | 4.1     | 2.4   | 3.8    |
| Growth of Services Sector <sup>1</sup>            | 11.3  | 10.2        | 10.3   | 9.3     | 6.8   | 8.5    |
| Value Added by Agriculture Sector <sup>1</sup>    | 19.7  | 19.2        | 0.6    | 15.1    | 18.6  | 20.0   |
| Value Added by Industry Sector <sup>1</sup>       | 22.9  | 39.1        | 9.2    | 27.0    | 38.0  | 23.5   |
| Value Added by Services Sector <sup>1</sup>       | 57.4  | 41.8        | 90.2   | 58.0    | 43.3  | 56.5   |
| Literacy Rates (%) <sup>2</sup>                   | 63.8  | 71          | 86.3   | 76.6    | 83.7  | 68.7   |
| RD/ GSDP <sup>4</sup>                             | -1.9  | -1.4        | -2.3   | 0.6     | -0.1  | -7.5   |
| GFD/ GSDP <sup>3</sup>                            | 2.4   | 3.0         | 0.5    | 2.2     | 2.8   | 2.7    |
| Debt/ GSDP <sup>4</sup>                           | 23.3  | 14.6        | 6.5    | 18.4    | 38.8  | 53.8   |

| Macro-Economic components                         | Jharkhand | MP     | Punjab | Rajasthan | UP     | Uttarakhand |
|---|-----------|--------|--------|-----------|--------|-------------|
| Real GSDP (Rs. bn) <sup>1</sup>                   | 1143.9    | 2385.3 | 1730.5 | 2450.0    | 4682.7 | 729.8       |
| Geographical Area (Sq Km)                         | 79714     | 308000 | 50362  | 342239    | 240928 | 53484       |
| Population Size (mn) <sup>2</sup>                 | 31.2      | 72.6   | 27.7   | 68.6      | 199.5  | 10.1        |
| Economic Growth <sup>1</sup>                      | 8.3       | 11.1   | 5.3    | 4.6       | 5.2    | 10.0        |
| State GSDP as % of India's real GSDP <sup>3</sup> | 2.0       | 4.2    | 3.0    | 4.3       | 8.2    | 1.3         |
| Per-capita Income (Rs) <sup>1</sup>               | 30091     | 27917  | 50233  | 30120     | 19512  | 61106       |
| Growth of Agriculture Sector <sup>1</sup>         | 8.2       | 23.3   | 0.4    | 0.2       | 3.4    | 4.0         |
| Growth of Industry Sector <sup>1</sup>            | 5.1       | 2.1    | 3.0    | 3.6       | 0.8    | 12.7        |
| Growth of Services Sector <sup>1</sup>            | 11.4      | 9.5    | 8.9    | 7.1       | 7.7    | 9.2         |
| Value Added by Agriculture Sector <sup>1</sup>    | 15.6      | 29.0   | 20.8   | 20.3      | 22.0   | 9.6         |
| Value Added by Industry Sector <sup>1</sup>       | 39.7      | 25.6   | 28.7   | 28.5      | 21.5   | 38.5        |
| Value Added by Services Sector <sup>1</sup>       | 44.7      | 45.4   | 50.5   | 51.2      | 56.5   | 51.9        |
| Literacy Rates (%) <sup>2</sup>                   | 67.6      | 70.6   | 76.7   | 67.1      | 69.7   | 79.6        |
| RD/ GSDP <sup>3</sup>                             | -1.7      | -1.3   | 0.6    | -0.2      | -1.1   | -0.7        |
| GFD/ GSDP <sup>3</sup>                            | 2.2       | 3.0    | 3.0    | 2.5       | 2.8    | 2.9         |
| Debt/ GSDP <sup>4</sup>                           | 20.7      | 23.9   | 33.5   | 24.5      | 33.2   | 25.6        |

Source: PHD Research Bureau, compiled from various sources

RR: Revenue Receipts, GFD: Gross Fiscal Deficit

Note: 1: Data Pertains to FY14

2: Data Pertains to Census 2011

3: Data Pertains to FY14 (BE), Negative (-) sign indicates surplus

4: Data Pertains to FY14 (BE)



## **Research Team**

**Dr. S P Sharma**

Chief Economist & Head of Research

**Ms. Nidhi Gautam**

Research Associate

State Affairs and MSMEs Research

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### Team, PHD Research Bureau

**Dr. S P Sharma**  
**Chief Economist & Head of Research**

Ms. Megha Kaul  
Sr. Research Officer  
**Economic Affairs Committee;**  
**Socio-economic and Infrastructure Research**

Ms. Surbhi Sharma  
Research Officer  
**FOREX Affairs Committee;**  
**Macro-Economic Research**

Ms. Rashmi Taneja  
Sr. Research Officer  
**Trade & Investment Facilitation**  
**Services and Research**

Ms. Nidhi Gautam  
Research Associate  
**State Affairs and MSMEs Research**

Ms. Bhawana Sharma  
Research Associate  
**Corporate Affairs;**  
**Financial Markets Research**

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