

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

November 2014

SDM Newsletter

States have marked significant developments in all the spheres. Various economic advancements have been observed in states such as President has given his nod to dissolve Delhi Assembly and Haryana will raise Rs 500 crore by sale of state government securities. Various industrial developments have been marked such as Madhya Pradesh takes ordinance route for labour law changes and World Bank has offered financial help for MSMEs in Uttar Pradesh. Rural economy of states has also strengthened with notable developments as NDDB (National Dairy Development Board) has sanctioned 42 Dairy Projects for 12 states worth about Rs. 221 crore.

States are in the way to boost their infrastructural developments as Government to privatise Jaipur airport and centre has announced mega power project for Bihar. In order to boost tourism prospects in the state, Punjab will spend Rs. 1,000 crore on tourism promotion. In view of improving the health infrastructure in the states, UIDAI (Unique Identification Authority of India) has issued 70 crore Aadhaar numbers as on 28th October 2014 and Bihar government has imposed ban on tobacco.

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1. Economic developments

1.1 Most states may agree on Rs 25 lakh goods and services tax threshold

A large number of states have acceded to the centre's proposal on a higher annual turnover threshold of Rs 25 lakh aimed at giving relief to small and marginal traders and shopkeepers, raising hopes for early finalisation of the new tax framework. Barring a few states, most states support a higher threshold. The empowered committee of state finance ministers had originally pitched for Rs 25 lakh as threshold but later changed its stance after a few states such as Rajasthan and Tamil Nadu favoured Rs 10 lakh limit. This would have meant that any goods seller or service provider with an annual turnover of Rs 10 lakh would be liable to pay the tax. That would bring 60% of traders in the tax net but only end up contributing just 2-3% of revenue, significantly increasing the administrative burden as well as the cost of collection.

1.2 Delhi

President's nod to dissolve Delhi Assembly-President has approved the dissolution of Delhi Assembly on 4th November 2014. Lt Governor Najeeb Jung has recommended to the President dissolution of the Delhi Assembly as major political parties have expressed inability to form government and preferred holding of polls. This has paved the way for holding of fresh polls in the capital which is under President's Rule since February 2014.

1.3 Haryana

Haryana to raise Rs 500 crore by sale of state government securities-The Haryana government will raise an aggregate amount of Rs 500 crore through sale of state government stock (securities) of 10-year tenure. The proceeds of the loan will be utilised to finance state plan outlay in connection with the development programmes of the state government.

2. Industry developments

2.1 Madhya Pradesh

Madhya Pradesh takes ordinance route for labour law changes-The Madhya Pradesh government has sent proposed amendments to eight labour laws in the form of an ordinance to the President for his assent. The Bills to replace the ordinance will be tabled later in the state Assembly. On September 22, 2014 the Madhya Pradesh cabinet had okayed amendments to 20 labour laws, including some in the concurrent list of the Constitution. In this case, these include amendments to the Industrial Disputes Act, Factories Act and the Contract Labour Act. Since the proposed ordinance involves changes to legislation passed by Parliament, the President's prior assent is needed.

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2.2 Rajasthan

President nod to Rajasthan labour law amendments-President Shri Pranab Mukherjee has approved amendments to the labour laws passed by the Rajasthan government in a move to open up the possibility of deeper changes in archaic labour laws across states. The state had brought changes to the Industrial Disputes Act, the Contract Labour Act, the Factories Act and Apprenticeship to enhance the ease of doing business, encourage industrial activity and generate new jobs. The state government has received the President of India's assent to the amendments in the labour laws governing Industrial Disputes Act-1947, Contract Labour Act-1970 and Factories Act-1948. However, the amendments to Apprenticeship Act-1961 are still in the process.

2.3 Uttar Pradesh

Foundation stone for trade centre laid in Varanasi-Foundation stone for a trade facilitation centre and a crafts museum has been laid in Varanasi by Prime Minister Shri Narendra Modi during his visit to his Lok Sabha constituency on November 7, 2014 in order to give a fillip to its development. Rs 50 crore have been earmarked in the budget for development and promotion of handloom products of Varanasi.

World Bank offers financial help for MSMEs in Uttar Pradesh-The World Bank has offered financial help to create new infrastructure for Micro, Small and Medium Enterprises (MSMEs) and improve the condition of existing ones in Uttar Pradesh. World Bank has submitted a report on Infrastructure and Investment Strategy for the identified three sub-regional growth centres on Eastern Dedicated Freight Corridor (EDFC) to make each industrial cluster economically viable. The World Bank is focusing on Kanpur-Lucknow-Unnao-Auraiya sub-region.

UP farmers demand hike in cane price by 25% to Rs 350/quintal-Farmers in Uttar Pradesh have demanded an increase of 25% in state sugarcane price for 2014-15 crushing season to Rs 350/quintal, owing to higher farm input cost. The demand was raised at the cane price fixation sub-committee. During 2013-14, the state government had fixed Rs 280/quintal as price for common variety of cane, which accounts for almost 70% of total cane production in the state.

Uttar Pradesh government keeps sugarcane SAP unchanged-The Uttar Pradesh government has kept the sugarcane price unchanged for the third straight year. The state government has decided to keep the state advised price (SAP) for the 2014-15 crushing season at Rs 280 a quintal for the common variety of cane. For the early variety, the price has been fixed at Rs 290 a quintal and for the rejected variety, Rs 275. Millers had been demanding that the SAP be rolled back to Rs 225 a quintal, pointing out to their bleeding balance sheets. Farmers were demanding an increase to Rs 320-350. However, the government announced a small relief to millers in the form of purchase tax, society commission, and entry tax waiver to those who adhere to the payment schedule.

3. Rural economy: Agriculture & agri business developments

3.1 NDDB sanctioned 42 Dairy Projects for 12 states worth about Rs. 221 crore

National Dairy Development Board has sanctioned 42 sub-projects with a total outlay of Rs. 22102.72 lakh for 12 states, which include Bihar, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra,

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Odissa, Punjab, Tamil Nadu, Uttar Pradesh, Uttarakhand and West Bengal. Out of this amount Rs. 15895.02 lakh has been sanctioned as grant assistance and Rs. 6207.70 lakh as share of End Implementing Agencies (EIAs). These 42 sub-projects would be implemented for activities like Fodder Development (9 projects), Ration Balancing Programme (13 projects), Village Based Milk Procurement System (14 projects), Embryo transfer (4 projects), import of bulls (1 project) and strengthening of Semen station (1 project). These projects have been sanctioned under the National Dairy Plan-I (NDP-I), which was launched during March 2012 for implementation during 2011-12 to 2016-17 with the following objectives:

- To help increase the productivity of milch animals and thereby increase milk production to meet the rapidly growing demand for milk.
- To help provide rural milk producers with greater access to the organised milk-processing sector.

3.2 Bihar

NDDB sanctions dairy projects for Bihar worth about Rs. 26 crore-National Dairy Development Board has sanctioned, 14 sub-projects with a total outlay of Rs 2580.34 lakh for Bihar, comprising of Rs 2514.64 lakh as grant assistance and Rs 65.70 lakh as share of End Implementing Agencies (EIAs). These 14 sub-projects would be implemented for activities like Fodder Development (FD), Ration Balancing Programme (RBP) and Village Based Milk Procurement System (VBMPS). For Fodder Development, 4 sub projects have been approved for implementation by Milk unions of Barauni, Mithila, Tirhut (Muzzaffarpur) and Vikramshila (Bagalpur) with total outlay of Rs 699.38 lakh as grant assistance. NDP-I would focus on areas with higher potential in the 14 major milk producing states of Uttar Pradesh, Punjab, Haryana, Gujarat, Rajasthan, Madhya Pradesh, Bihar, West Bengal, Maharashtra, Karnataka, Tamil Nadu, Andhra Pradesh, Orissa and Kerala constituting 90% of the milk production.

3.3 Uttar Pradesh

Uttar Pradesh government may provide allowance to teachers in rural areas-Uttar Pradesh government may consider providing allowance to teachers posted in rural areas to ensure their availability there. In order to improve teaching in primary schools, the government has decided to set up model schools for class 6-8 in every districts, where English teaching will be employed. Further, English has been made compulsory from class 1st onwards.

4. Infrastructure developments

4.1 States asked to tone up urban governance

Minister of Housing & Urban Poverty Alleviation and Urban Development Shri M. Venkaiah Naidu has expressed serious concern over, 'deficit in urban governance' and urged the states and union territories to tone up the same to address emerging challenges. States and UTs are suggested to come out with white papers in respect of each city with details of revenues, expenditure, availability of land, water and power, projects under implementation and proposed with resource requirement, tax structure and proposed enhancement etc., in order to enable informed people's participation in

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urban development. States and UTs are also urged to learn from the experiences of implementation of JNNURM for better planning and execution of urban housing and development projects.

Government to privatise Jaipur airport-The government is going ahead with the privatisation of only two airports namely Ahmedabad and Jaipur instead of the six originally planned. The airports in Jaipur and Ahmedabad will be awarded on public-private partnership basis. The civil aviation policy proposed to give a push to air cargo operations in by creating enabling infrastructure. The policy has also focused on improving regional connectivity by enabling small-aircraft operations in the country.

4.2 Bihar

Centre announces mega power project for Bihar-Bihar will get a 4,000 Mw Ultra Mega Power Plant (UMPP) and centre will allocate sufficient number of coal blocks for it. The centre will soon initiate the process for 4,000 Mw UMPP in Bihar and allocate sufficient number of coal blocks to cater to it. The two units inaugurated will provide around 800 MW thereby helping farmers in irrigation and industrial growth. Four more 660 MW units would be set up at the Barh STPP, which will take its power production capacity to 3300 MW. These units will be completed within four years. The two 195 MW units at Kanti would be renovated within a year and he would try to get the approval for 132 MW hydel project at Baghmara in Supaul district.

4.3 Delhi

Committee reconstituted for Metro stations-Continuing jams and lack of cleanliness near Metro stations has prompted the Delhi government to step in and rejig the team. The transport department has issued orders to reconstitute the nine-member committee in each district for upkeep around stations to ease traffic flow. It will maintain order, hygiene and an aesthetic appeal.

4.4 Haryana

Mining zones to be divided into smaller zones in Haryana-Haryana government plans to divide the mining zones into smaller zones to generate employment opportunities for the unemployed youth. Smaller mining zones would also provide sand and other such material at cheaper rates.

4.5 Himachal Pradesh

Himachal Pradesh targets Rs 2500 crore worth investment proposals-Himachal Pradesh is set to get investment proposals of whopping Rs 2500 crore from half a dozen industrial giants in the textile, distilleries, pharmaceutical and automobile sectors before end of the year. The industries department aims to clear new proposals in seven days and revenue department to grant necessary approvals in 15 days time. Apart from investments in the industrial sectors, the state has investment prospects in agro-processing, tourism, infrastructure projects like ropeways and hotels, education and few unexplored sectors like handicrafts based industry.

4.6 Madhya Pradesh

ADB approves \$350 million for upgradation of roads in MP-Asian Development Bank (ADB) will provide \$350 million loan assistance for upgradation of district roads in Madhya Pradesh. The project will upgrade 1,600 km of major district roads in the state through lane widening, surface

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improvements, and strengthening of culverts and bridges. This is to help cut travel time, improve traffic flow and road safety, and provide better access to markets and social services for poor and remote communities. The loan will address a neglected part of ongoing road network upgrades, with these secondary roads providing a key link between rural roads and state highways.

4.7 Uttar Pradesh

Uttar Pradesh signs pact for India's longest six lane access controlled expressway-In a major step forward towards building India's longest six lane access controlled expressway, the state government of Uttar Pradesh has signed the agreement with private companies who bid the lowest for constructing it. The agreement was signed by UP Expressway Industrial Development Authority (UPEIDA) on behalf of the state government and representatives of the four companies tasked to build it. The expressway has been divided into five stretches for handing out the contracts. The 302 km long Lucknow to Agra Expressway would be the country longest access controlled six lane expressway. The project would cost nearly Rs 15,000 crore of which Rs 11,526 crore would be for construction of the expressway and the rest for purchasing land at market rates.

5. Tourism developments

5.1 Punjab

Punjab to spend Rs. 1,000 crore on tourism promotion-Punjab will spend Rs.1000 crore in the current financial year to conserve monuments of historical importance and provide impetus to tourism sector in the state. The government plans to conserve the religious and historical heritage of the state and also generate employment avenues in the tourism sector. Punjab also plans to grant industry status to the hotel sector. Various incentives like duty-free electricity and various kinds of VAT concessions have also been extended to hoteliers. The central government recently conferred the "Most Progressive State in Tourism" award to Punjab.

6. Health developments

6.1 UIDAI has issued 70 crore Aadhaar numbers as on 28th October 2014

As on 28th October 2014, nine states including Andhra Pradesh, Kerala, Delhi, Himachal Pradesh, have crossed 90% Aadhaar coverage, while sixteen states have Aadhaar coverage of over 70%. UIDAI (Unique Identification Authority of India) is also conducting Aadhaar enrolments in the newly assigned states of Uttar Pradesh, Bihar, Uttarakhand and Chhattisgarh, at a fast pace. These four states with a combined population of about 34 crore, were added earlier this year to UIDAI's mandate by the government. Till date, Aadhaar numbers have been issued to 8.93 crore residents in these states, which is 26% of the target population.

6.2 Bihar

Bihar government imposes ban on tobacco-The Bihar government has announced a ban on

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tobacco and its products to ward off its ill effects on citizens. The state has announced the ban on zarda, paan masala and other tobacco products on Tobacco prevention day. The state at present imposes 30% tax on tobacco and its products.

6.3 Uttar Pradesh

Supreme Court directed states to build shelter homes for homeless-The Supreme Court has directed Uttar Pradesh, Delhi, Haryana, Rajasthan and Himachal Pradesh governments to build sufficient number of shelter homes for homeless people ahead of the winter season. The apex court had earlier passed a series of orders for providing shelter to homeless people saying that right to shelter is a fundamental right.

Summary of economic indicators of Northern & Central states of India

Macro-Economic components	Bihar	Chattisgarh	Delhi	Haryana	HP	J&K
Real GSDP (Rs. bn) ¹	1786	922.1	2361.6	2010.8	472.5	454.0
Geographical Area (Sq Km)	94163	136034	1483	44212	55673	222236
Population Size (mn) ²	103.8	25.5	16.8	25.4	6.9	12.5
Economic Growth ¹	8.8	7.0	9.3	6.9	6.2	5.9
State GSDP as % of India's real GSDP ³	3.1	1.6	4.1	3.5	0.8	0.8
Per-capita Income (Rs) ¹	16083	28708	127667	68040	54494	31773
Growth of Agriculture Sector ¹	-2.2	2.6	3.2	3.2	13.4	1.4
Growth of Industry Sector ¹	13.5	6.1	1.4	4.1	2.4	3.8
Growth of Services Sector ¹	11.3	10.2	10.3	9.3	6.8	8.5
Value Added by Agriculture Sector ¹	19.7	19.2	0.6	15.1	18.6	20.0
Value Added by Industry Sector ¹	22.9	39.1	9.2	27.0	38.0	23.5
Value Added by Services Sector ¹	57.4	41.8	90.2	58.0	43.3	56.5
Literacy Rates (%) ²	63.8	71	86.3	76.6	83.7	68.7
RD/ GSDP ⁴	-1.9	-1.4	-2.3	0.6	-0.1	-7.5
GFD/ GSDP ³	2.4	3.0	0.5	2.2	2.8	2.7
Debt/ GSDP ⁴	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) ¹	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) ²	31.2	72.6	27.7	68.6	199.5	10.1
Economic Growth ¹	8.3	11.1	5.3	4.6	5.2	10.0
State GSDP as % of India's real GSDP ³	2.0	4.2	3.0	4.3	8.2	1.3
Per-capita Income (Rs) ¹	30091	27917	50233	30120	19512	61106
Growth of Agriculture Sector ¹	8.2	23.3	0.4	0.2	3.4	4.0
Growth of Industry Sector ¹	5.1	2.1	3.0	3.6	0.8	12.7
Growth of Services Sector ¹	11.4	9.5	8.9	7.1	7.7	9.2
Value Added by Agriculture Sector ¹	15.6	29.0	20.8	20.3	22.0	9.6
Value Added by Industry Sector ¹	39.7	25.6	28.7	28.5	21.5	38.5
Value Added by Services Sector ¹	44.7	45.4	50.5	51.2	56.5	51.9
Literacy Rates (%) ²	67.6	70.6	76.7	67.1	69.7	79.6
RD/ GSDP ³	-1.7	-1.3	0.6	-0.2	-1.1	-0.7
GFD/ GSDP ³	2.2	3.0	3.0	2.5	2.8	2.9
Debt/ GSDP ⁴	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)

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The Research Bureau has been instrumental in forecasting various lead economic indicators national and sub-national. Many of its research reports have been widely covered by media and leading business newspapers.

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With its base in the National Capital, Delhi, the Chamber has Regional offices in States of Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Madhya Pradesh, Punjab, Rajasthan, Uttar Pradesh, Uttarakhand and the Union Territory of Chandigarh.

