

INDUSTRIAL DEVELOPMENT: SCOPES & OPPORTUNITIES

(In the context of Jharkhand)

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⇒ Introduction:

The functioning of an economy depends on the financial system of a country. The key requirement for the continuous and all-round development of any country is the source of fund. There are various sources of fund. But the most important and best option is that, which is generated from its inside sources and resources. The funds generated are important for the running and development activities of any economy.

The economic augmentation depends mainly on the growth of infrastructural facilities of the country. Key industries; such as mining, power, coal, Oil etc. determine the growth of other industries too. These infrastructure industries are funded by the finance system of the country. The capital requirement for infrastructure industries is huge. Raising such a huge amount is difficult for private players and hence, conventionally, governments have exclusively taken care of infrastructure projects. However, the economic liberalization policy led to the private sector participation in infrastructure industries. Development and Merchant banks such as IDBI in India help fund these activities for the private sector.

⇒ Introduction to Jharkhand:

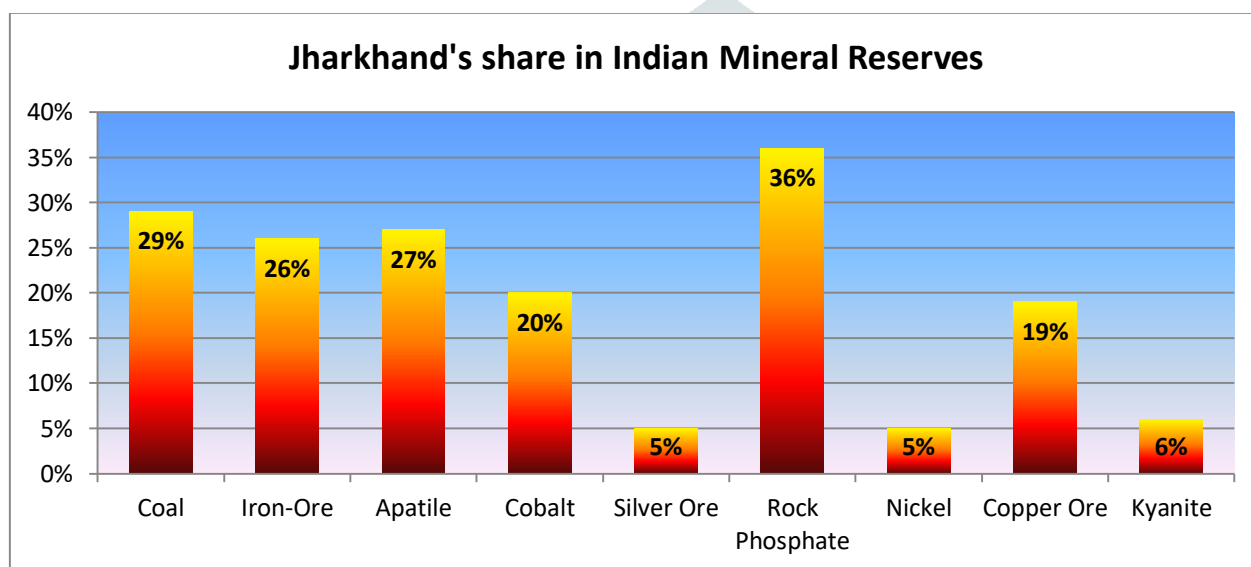
The state of Jharkhand came into existence in the year 2000 carved out from southern part of Bihar. The word Jharkhand literally means Land of forest (*Jhari* – Bush; *Khand* – Land). Jharkhand borders with Bihar, UP, CG, Orissa, and WB. State has several towns and innumerable villages with civic amenities. Urbanization ratio is 24.1% and the per capita annual income is Rs.63754/-.

JHARKHAND FACT SHEET

- Capital: Ranchi (Sub Capital: Dumka)
- Geographical Area : 79,714 sq km
- State Languages: Hindi, Santhali, Urdu, Bengali and English
- Population :
3,29,66,238 (Male 1,69,31,812, Female 1,60,34,426)
- Sex ratio : 948:1000
- Administrative districts/Blocks: 24/260 Nos.
- Population density : 414 persons /km²
- Literacy Rate: 67.63 %
- Forests & woodlands occupancy: 29%
- Key Industries: Mining and mineral extraction, engineering, iron and steel, chemicals, handloom, food and beverages, automotive and cement.

Searching scopes of Industrial development in Jharkhand

There are various reasons for selecting Jharkhand as the most preferred Investment destination. First of all, the availability of natural resources in the state is quite ample. Around 40% of total mineral wealth of the country is available in Jharkhand. This huge deposit of various minerals creates immense potential for industrialization. Its extensive mineral resources make mining, metals and other related sectors rewarding for investments. It is ranked first in production of Iron, mica, Uranium, Asbestos, Kainite and copper in India and third in production of Coal after its two neighboring states viz. Odisha and Chhattisgarh. Jharkhand is one of the leading producers of mineral wealth in the country. During 2016-17, the state produced US\$ 3,185.69 million worth of minerals. Mineral production during April 2017 to February 2018 in the state stood at Rs.1,866.25 crores.



Graph : 1

Sources: Department of Mines and Geology, Jharkhand, Ministry of Coal, Ministry of Mines (GoI) and IBEF

The above Graph-1 clearly indicates that the state has massive stock of Minerals, creating great scopes and opportunities for industrial development. Some of them are discussed as under:

Coal:

The state of Jharkhand has immense stock of coal and it shares around 29% of national reserve. Coal is the most important and rich fossil fuel in India. It accounts for 63% of the country's energy want. Almost 100% of prime coking coal, 93% of medium coking coal and about 30% of the semi coking coal reserves are available in Jharkhand. The total reserves of the coal in Jharkhand is of the order 69128 million tonnes, which spread over Jharia, Bokaro, Rajmahal, Hazaribagh and Chatra areas of prime coking coal in the country. The availability of prime coking coal in the country is quite meager. Jharia Coal field is the only resources of prime coking coal in the country. The production of prime coking coal from the region is limited. However, comparatively the medium quality coking coals are available in profusion.

Iron Ore:

In respect of Iron ore, the state is ranked 2nd in India with 26% share of entire national stock. The total reserve of Hematite in Jharkhand region is estimated over 30000 Lakh tonnes. Out of which, 20000 lakh tonnes is in Chiria, near Monoharpur in the Singbhum district. This is one of the largest single-place deposits of the world. The average quality of Chiria deposits hovers around 62-63% Fe content which should be exploited in with caution, phased manner to cater the long-term requirement of our country. However, the Chiria deposit has the potential to establish a large mine with the production capacity of 100 lakh tonnes per annum with the state-of-the-art technology. The state produced 19.36 Million tonnes of Iron ore during the year of 2016-17.

Lime Stone:

In Jharkhand, all grades of limestone (*viz.* BF, SMS and Cement grade) are available in 22 mines of limestone in Palamau, Hazaribagh, Singbhum and Ranchi districts, having a total reserve of 563 million tonnes.

Graphite:

The Graphite treasuries of Jharkhand are mainly located in Palamau district. The most important deposit of Palamau district is positioned at Sokra, Satbarba, Barwadih areas, where both flaky and amorphous graphite occur in lumpy-form. A reserve of 0.6 million tonnes with 50 to 60% carbon content has been estimated at Sokra. The deposits of Palamau district are being mined mainly by State Mineral Development Corporation and few private parties.

Granite and ornamental stones:

Extensive deposits of granite and ornamental stones; such as dolomites, gabber, banded hematite jasper and migmatites etc. are also available in this state. Based on the IBM reports, the granite reserves are estimated to be around 19 millions cu.mt.

Mica:

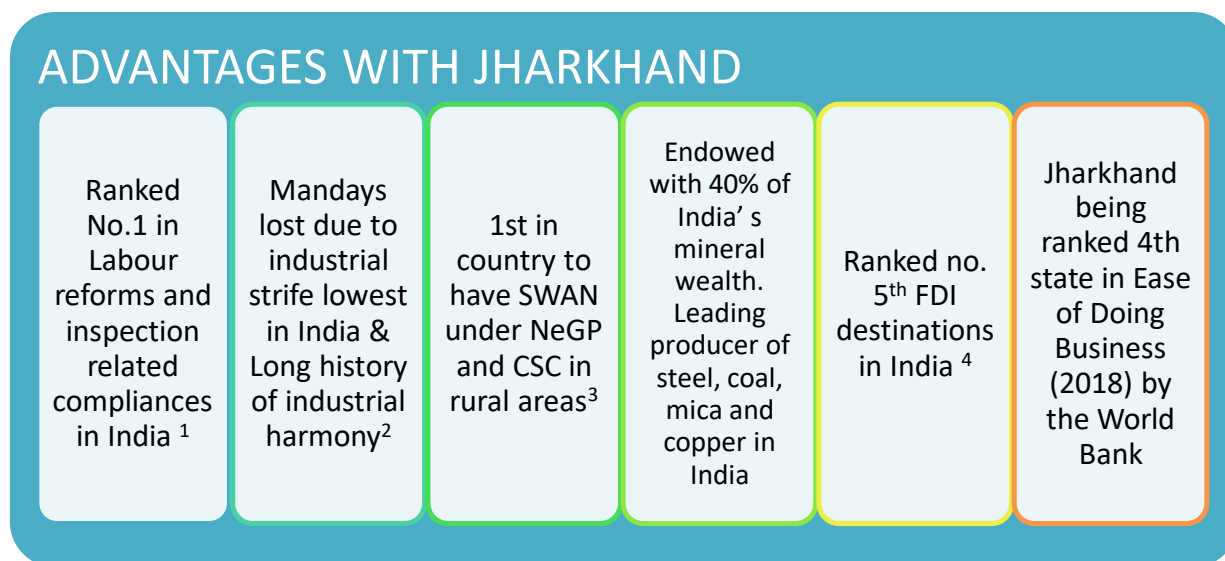
In production of Mica, Jharkhand is ranked 3rd in India. Mica is found in a belt extending from about 150 km in length and 32 km in width from Gaya district of Bihar to Hazaribagh and Koderma districts of Jharkhand. This belt contains the richest deposits of high quality **Ruby Mica**. Koderma is a well-known place in Jharkhand for mica production.

Copper:

Availability of Copper ores in Jharkhand is around 19% of national stock. This deposit is usually found East Singbhum span. For extraction of copper, Hindustan Copper Ltd. is mining copper ore for its plant at Ghatshila. The reserves of Copper ore have been estimated to be about 110 million tonnes. A large number of Reconnaissance Permit application for copper and other base metal are being processed at state level.

Other related points: Jharkhand is also famous for production of uranium, bauxite, silver, magnetite and dolomite. It is the largest producer of Kainite. On the other hand, Jharkhand is the largest producer of *tussar* (a non-mulberry silk) in India, with 70.27% share in the total output. It produced 2,600 MT of *tussar* silk alone out of total 3,700 MT produced in the country. A provisional figure of 2017-18 reflects that raw silk production in the state stood at 2,220 million tonnes. On average, Jharkhand produces around 20-25% of the total steel produced in the country. During 2016-17, the state produced 15.723 million tonnes of steel.

Apart from the above, the state is blessed with other advantages too. Starting from the huge minerals stock, the state has got good rail-road-air connectivity, good geographical location benefits; fast growing economy, investors-friendly government policies, fantastic infrastructure and many more.



SOURCES:

1 [World Bank Report on Assessment of State Implementation of business reforms]

2 [Indian Labour Journal -2015]

3 [meanings-SWAN: State wide Area Network; CSC: Common Service Centers]

4 [FDI intelligence survey report]

Geographical & Location based advantage:

The state's industries are benefitted from a unique location-based advantage as it is close to the vast market of eastern India. Jharkhand has wide stretch of road connectivity throughout the state. It has also easily accessible and cheap Railway connectivity, which is vital for industrialization.

On the other hand, the existing Ranchi airport is well connected to major cities like Delhi, Mumbai, Kolkata, Bangalore, Patna etc. Air strips in Deoghar, Palamu, Dhanbad etc. have also scope of their development for the operations of Air taxis, Air ambulance and private jet operations etc.

Jharkhand is a land-locked state, but very close to Bay of Bengal. Thus, ports of Kolkata, Haldia and Paradip are within its reach for easy access to them.

Investment potential

The Gross State Domestic Product (GSDP) was around Rs 2.79 trillion in 2017-18. Over a period from 2011-12 to 2017-18, the GSDP increased at a compound annual growth rate (CAGR) of 10.81%. Accordingly, the

state provides investment opportunities in sectors such as mining and metals, power, infrastructure, manufacturing and food processing.

Wide-ranging mineral reserves

As we have already discussed, Jharkhand has around 40% of the country's mineral wealth. Also, the state is one of the largest producers of coal, mica and copper in India. Because of the huge mineral reserves, mining and mineral extractions are the main attraction for investors to the state.

Jharkhand State Policy and fiscal incentives

Jharkhand offers a wide range of fiscal and policy incentives to industries. The state also has policies for IT, SEZs and other fields offering sector-specific incentives. There are many initiatives taken by the government to encourage Jharkhand as an investment destination. The table below shows various policies of the Government and their objectives:

Major Government policies and their objectives

Policies	Their objectives
Jharkhand Industrial And Investment Promotion Policy 2016	<ul style="list-style-type: none"> ❖ To promote manufacturing and innovation, create employment opportunities and up to date infrastructure and enhance inclusivity. ❖ To provide a link between MSME and large industries of the state. ❖ To establish industrial parks in joint venture and large industries as well as PPP mode under the industrial park policy 2015.
Jharkhand Industrial Park Policy 2015	<ul style="list-style-type: none"> ❖ To upgrade manufacturing sector and set up processing industries for engineering goods and services
Jharkhand Food Processing Industry Policy 2015	<ul style="list-style-type: none"> ❖ To accelerate output from food industries ❖ To supply financial assistance for the upgradation of technology at the existing food processing units as well as for setting up of new units.
Jharkhand Tourism Policy 2015	<ul style="list-style-type: none"> ❖ To promote the state as preferred tourist destination, both inside and outside India and develop tourism infrastructure.
Jharkhand State Solar Power Policy 2015	<ul style="list-style-type: none"> ❖ To advance private sector participation to set up solar power projects and increase solar power generation to 2,500 MW by 2020 and to provide scopes of solar projects.
Jharkhand Export Policy 2015	<ul style="list-style-type: none"> ❖ To improve the infrastructure for storage and rail-road connectivity. And to provide technological upgradation for the export sectors of minerals, handlooms, handicraft and agricultural products.
Jharkhand	<ul style="list-style-type: none"> ❖ To encourage purchases of products and services from local MSEs

Procurement and up-scaling their competitiveness among other units.
Policy 2014

Other investors-friendly policies:

- | | |
|---|--|
| <ul style="list-style-type: none"> a. Jharkhand Automobile And Auto Component Policy 2016, b. Jharkhand BPO/BPM Policy 2016 c. Jharkhand ESDM Policy 2016 d. Jharkhand IT and IteS Policy 016 e. Jharkhand Start up policy 2016 f. Jharkhand Textiles, Apparel and Footwear Policy 2016 | <ul style="list-style-type: none"> g. Jharkhand Affordable Housing Policy 2016 h. Jharkhand Communication Towers and Related Structures Policy 2015 i. Jharkhand Film Policy 2015 j. Jharkhand Energy Policy 2012 k. Jharkhand State water policy 2011 l. Jharkhand Feed Processing Industry Policy 2015 |
|---|--|

The Government of Jharkhand organized 'Jharkhand Start-up Challenge' across 10 districts, where innovative business ideas will be shared. To promote investments from micro, small and medium enterprises (MSMEs), the state has established chemical clusters in the Sahebganj, Bokaro, Dhanbad, Hazaribagh and Deoghar districts.

In the field of Power, as of October 2018, Jharkhand had a total installed power generation capacity of 1,770.86 MW; comprising 762.07 MW under private utilities, 554.05 MW under state utilities and 454.74 MW under central utilities. The Power generation in the state up to October 2018 reached 7,929.41 GWH.

Up to June 2018, the numbers of Industrial Entrepreneurship Memorandum (IEM) were filed by the entrepreneurs for setting up projects and commencement of production in Jharkhand were 10 and the amount of investments proposed were Rs. 448 crores.

Under Jharkhand Automobile and Auto-Component Policy 2016, the government plans to create additional employment opportunities for 50,000 personnel in this sector by 2020 and encourage establishment of Tier-1, Tier-2 and Tier-3 auto-component manufacturers in the state. More than 600 auto subsidiary industries, including auto components units, have been set up subsequently at Jamshedpur and Adityapur to accommodate to the needs of automobiles companies.

Total production of horticulture crops in the state of Jharkhand stood at 4.46 million tonnes in 2017-18, while the total area under cultivation was 398.40 thousand hectares. In 2017-18, total production of fruits in Jharkhand stood at 1,034.81 thousand tonnes and production of vegetables stood at 3,399.88 thousand tonnes.

Improving the Business Eco-System

Government of Jharkhand has accorded highest priority for improving business eco-system in the state. With the view to steer rapid economic reforms and promote investment in the state, it is essential to create an environment which is friendly for entrepreneurship development. Industry consultation, well-timed clearances, responsive administration and transparent government have been identified as the corner-

stone for improving business environment and boosting investor's confidence. The state provides both, pre and post investment services and facilitation for rapid Industrialization.

Jharkhand Investment Promotion Board (JIPB) has been approved to advise the government on issues related to attracting investments and building a positive word of mouth. Captains from the industry have been invited to provide direction and guidance on measures to be taken to promote Jharkhand as an attractive investment.

Single Window Clearance System (SWCS)

For the promotion of investment and industries in the Jharkhand State, the Government of Jharkhand has implemented a Single-Window Clearance System (SWCS) for faster and one-spot clearance of industrial projects, single-point dissemination of industrial project-related information and streamlining of inspection of industries by different agencies/ authorities. SWCS has been established by the Department of Industries, Mines and Geology for Ease of Doing Business and to provide mandatory clearances at one-point and disbursement of fiscal incentives within the specified time-limit.

The state level committee is under the Chairmanship of the Chief Secretary with secretaries of all other departments. Similarly, at district level the committees have also been constituted. Officers of various departments have been deputed to the SWCS office for proper and smooth function of the mechanism. This Committee approves all projects including financial incentives till MSME level. For projects other than MSME, this Committee recommends to the High Powered Committee for approval of fiscal incentives.

Jharkhand Single Window Clearance Act 2015 aims at creating an investor friendly environment and improving *ease of doing business* in the State. This is being facilitated by providing accelerated and time-bound grant of various licenses, permissions and approvals, promoting industrial development and facilitating new investments as well as by simplifying the regulatory framework by reducing procedural requirements and Industrialization documents. All proposed or existing investments which need clearance under one or more of the applicable acts are eligible for facilitation through single window clearance web-portal i.e. <http://advantage.jharkhand.gov.in>.

The Single Window system has 4 cells for facilitation and for addressing the problems faced by the entrepreneurs. Departmental and field experts have been appointed in Single Window to provide technical know-how on departmental and area specific issues pertaining to industry and business. They are involved in end-to-end grievance handling and investor facilitation. Nodal officers of various departments are deputed and seconded to the cell for granting mandatory state approvals in the Single Window System itself.

Ease of doing business

The 'Make in Jharkhand' programme has also increased the comfort and better experience to Industries. It has prioritized the quality improvement works, which has been recognized at national and international levels. The approach of Jharkhand Government has led to Jharkhand being ranked 4th state in India in Ease of Doing Business (2018) by the World Bank. For improving business environment and boosting investors' confidence, the GoJ has also identified indicators for timely clearances and responsive post investment facilitations.

Various procedures have also been simplified, time-limits for clearances have been reduced, and online applications are encouraged and disposed off quickly in order to minimize the hassles faced earlier.

Development of Industrial Infrastructure

High-end quality infrastructure facilities are absolutely essential for industrial development of the state. As a result of availability of quality infrastructure, industries get established with less capital investment and can function without hindrances. These infrastructure facilities assist in intensification of business and industry along with promoting fair competition. In addition to social development and generation of new employment opportunities, it helps creating a center of attention to indigenous and foreign investment. Development of Industrial infrastructure in the under-developed region has been identified as one of the strategies to attract industries and investments to these regions.

In this regard, following infrastructure facilities are being developed by the Government of Jharkhand:

Land: Readily available and adequate extent of land is a pre-requisite for industrial development. The state focuses more on making available allottable industrial lands with complete infrastructure facilities to the project proponents across the State. For this purpose, Industrial Area Development Authorities are strengthening and expanding their land-bank by identifying barren, un-irrigated land and unutilised land of government departments and corporations in their respective areas. These steps are taken on time-bound manner and also through Single window clearance mechanism.

Industrial Areas: At present, Ranchi, Bokaro, Adityapur and Dumka are four Industrial Area Development Authorities. These authorities are responsible for acquisition of land and development of infrastructural facilities such as roads, drainage, water supply and public utilities for the industrial area under their control. It is also aimed to extend advisory services to MSME industries and helping in their growth in putting marketing supply. These areas will be provided with grants from the government. It will also help the units to get support under MSME/other GOI assistance.

Industrial parks : Industrial Parks have played an essential role in industrialisation around the globe. Government of Jharkhand has decided to provide assistance to the private industrial parks also. This is because Private Parks also require assistance in developing common infrastructure in the park and provide facilities to the participating units. The Jharkhand industrial Park policy 2015 provides incentives and concessions for Public, Private, PPP, JV Industrial Parks.

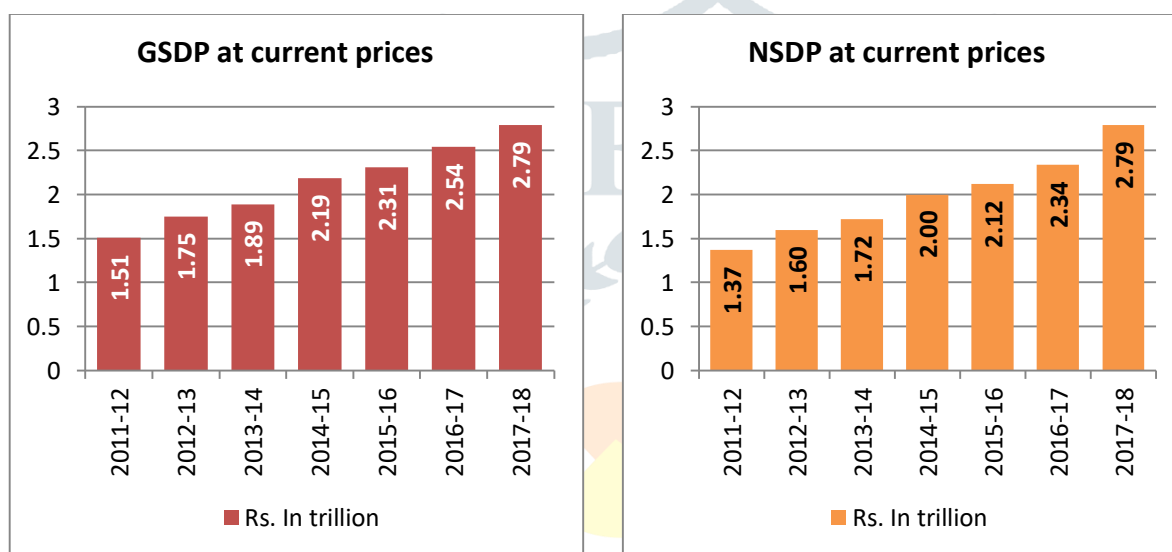
Special Economic Zones (SEZs)

The Government of Jharkhand intends to develop SEZ and other export oriented parks for fast industrial growth of the state. For this purpose, land acquisition and infrastructure development are supported through state budget. An SEZ has been notified at Adityapur near Jamshedpur for the automotive industry. A private sector consortium has been selected for developing the SEZ.

The Economic Growth of Jharkhand

The state's economy is growing at remarkable pace. The views of investor have changed during last few years. This is not only due to scopes available in Jharkhand, but also due to availability of various Investors-friendly policies and in-house advantages. This has made great impact on the economy state and of country as well.

At current prices, Jharkhand's Gross State Domestic Product (GSDP) was around Rs 2.79 trillion in 2017-18. Over a period from 2011-12 to 2017-18, the GSDP increased at a compound annual growth rate (CAGR) of 10.81% (Graph-2a). Similarly for the same period during 2017-18, the Net State Domestic Product (NSDP) of Jharkhand stood at Rs 2.59 trillion and over a period between 2011-12 and 2017-18, the NSDP of the state grew at a CAGR of 11.12% (Graph-2b).



Graphs: 2a & 2b

One Trillion = One Lakh Crores
[Source: Directorate of Economics & Statistics of Jharkhand]

This outstanding economic growth is driven by the state's strong performance of industrial sectors; such as mining and metals, power, infrastructure, manufacturing and food processing; including tourism and pharmaceuticals too. Apart from the availability of raw materials; power, water and industrial labours also play vital role in state's growth.

The state organized 'Jharkhand Momentum' on its 4th occasion in April 2018, wherein as many as 151 companies invested about Rs. 2,700 crores in the state of Jharkhand. Jharkhand has received an approval from the central government for US\$ 210 million assistance from the World Bank for urban infrastructure projects.

Major industrial hubs are already operational in Jharkhand; namely TATA, Jindal, Hindalco, SAIL, ACC, JayPee etc. Other industrial houses are also attracted from state's performance, scopes and opportunities of development and from Government's investor friendly approaches and policies as well.

CONCLUSION:

In the field of industrialization, Jharkhand has shown remarkable pace of growth over the years. It has contributed to the revenue collection of the State. Jharkhand is emerging as the forefront of Industrialization

among the Indian States. In order to ensure regular and huge investment, the State has been able to convince the investors of various industries to treat Jharkhand as their preferred investment destination, which leads to signing MoUs between the State and major industrial houses.

Though, the pace of industrial development including export, manufacturing and other service oriented sectors in state has been low earlier as compared to other leading states. There are various fields in Jharkhand having huge opportunities of investment and improvement. The recent developments have accelerated the speed of growth and also helped the state generating adequate revenue/fund and thus resulting in all-round development of the state and the country as well.

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