

Look east, opportunity beckons

Going beyond metals, Odisha is laying out the red carpet for apparel, jewellery and food processing

LALATENDU MISHRA
MUMBAI

Odisha seems to have emerged as a preferred investment destination for a section of Indian companies seeking to remain cost competitive while aiming to expand their market.

Following an overhaul of the State's industrial policy and moves by the administration to deliver on promises, a large number of companies from non-metal sectors are heading to the eastern state, the 13th largest contributor to the Indian economy. Two years ago, the State came out with a sector-specific Industrial Policy focusing on employment-intensive non-metal sectors with an aim to be among the top three investment destinations in the country.

It unveiled its Vision 2025 at the Make In India Week in Mumbai last year.

According to a recent ASSOCHAM report, Odisha has been ranked third with a more than 7% share in total live investments exceeding ₹177 lakh crore attracted by different states of India as of FY17. Maharashtra had a more than 11% share while Gujarat had 8.5%.

Odisha had attracted more than 900 projects with live investments worth more than ₹13 lakh crore as of FY17, the report said.

"Though Odisha is ranked thirteenth in terms of its economic size and contribution to India's economy [2.6% share], its economic growth has increased from 4.6% in FY13 to about 8% in FY17. The all-India economic growth rate was 5.5% in FY13, reaching just over 7% in FY17," the report said.

Odisha clocked a CAGR of about 9% in the industry sector between FY12 and FY17 which was ahead of all-India's growth rate of 6%.

Political stability under Naveen Patnaik since 2000 has helped. Top officials point to his relentless efforts in ensuring ease of doing business.

Sanjeev Chopra, the State's Principal Secretary, Industries, said, "We are promoting Odisha in sectors such as apparel, food pro-



In search of returns: The State's economic growth rate has risen from 4.6% in FY13 to about 8% in FY17, according to a recent ASSOCHAM report. •GETTY IMAGES/ISTOCK

cessing and gem & jewellery. We have seen fair success for three years in the sectors for which Odisha has not been traditionally known for."

'MSMEs interested'

Over the years, big names such as Tata Steel, Aditya Alumina, Vedanta, Jindal Steel & Power and Essar have invested in the state. But, this time around, companies from the non-metal sectors and MSMEs are coming in droves. Shahi Exports, India's largest apparel exporter had started production in the state in 2016 and has already applied for capacity expansion to employ a total of 2,500 people.

Aditya Birla Fashion is setting up a garment manufacturing unit with an investment of ₹53 crore. Page Industries, which manufactures the Jockey brand of garments, has got approval for a unit with an investment of ₹135.5 crore. Texport Industries is setting up a unit with an investment of ₹75 crore.

From Mumbai, Kader Investment and Trading, the largest seafood exporter, is planning to invest ₹55 crore in a seafood processing unit at Deras. Carnival Films has got approval for an exhibition and family entertainment centre in 30 districts

with an investment of ₹150 crore. Oricon Enterprises is coming up with a PET preforms manufacturing unit with an investment of ₹120 crore. A unit by Deepak Fertilizers is also in the works. The state's 480 km-long coastline and three ports are also helping attract businesses, officials said.

'Progressive policy'

Hindustan Coca-Cola will be expanding its plant with an investment of ₹500 crore.

"Our investment in the state has been steadily going up," said Pradip Pandey, zonal VP, east, Hindustan Coca-Cola Beverages Pvt. Ltd. "This has become possible due to the progressive Industrial Policy resulting in ease of doing business. We will continue to invest more."

Recently, Gitanjali Infra-tech, a Gitanjali Group company, received permission to set up a Gem & Jewellery Lifestyle and Luxury Goods Park with an investment of ₹636 crore on 100 acres of land near Cuttack. This is the first of its kind in the State.

Odisha is also pulling out all stops in promoting food processing. ITC and Surya Foods, the makers of Priya Gold, are setting up units. Anmol Biscuits has invested in a factory to manufacture

5,000 tonnes of biscuits a month in Bhubaneswar and is also planning a cake factory. The company has a total investment plan of more than ₹150 crore. "We are catering to even the south market from here. It is a cost-effective facility," said a senior company official.

Seafood processing is also high on the State's agenda. A Sea Food Park with a state-sponsored investment of ₹134 crore is coming up at Deras, near the State capital, which will be functional in early 2018. The park stands on 150 acres and seafood processed there would be primarily meant for exports.

Twenty firms have committed investments worth ₹466 crore in the park. Odisha is targeting seafood exports worth ₹20,000 crore per year in the next five years.

"The industry department is providing the packaging facility, cold storage, refrigerated vans, waste treatment plant, administrative building and even power and water to the units," said Mr. Chopra.

"The Sea Food Park will be a game changer in seafood processing not only in Odisha but in India," said Sanjay Kumar Singh, CMD, Industrial Infrastructure De-

velopment Corporation, which is responsible for supplying land and infrastructure to industrial units. The park will process 90,860 MTPA of seafood and employ more than 7,200 people.

Navrangpur in southwest Odisha has traditionally seen significant production of maize. The State is now wooing cattlefeed manufacturers to set up base. Several starch units have applied for permission. The State is also setting up an Aluminium Park at Angul near the Nalco factory, a Plastic Park at Paradip near an Indian Oil refinery and a Food Processing Park at Bhadrak.

"We are moving away from metals and minerals. We are focusing on sectors which are creating jobs," Mr. Chopra said.

'Lower costs attractive'

Firms find the low wage rate attractive. Land acquisition costs and power tariffs are also low, and so is the cost of living, said sources. The State rates firms on their ability to create employment and provides incentives based on the rating.

Odisha has developed a single-window portal where applicants can log in and obtain necessary approvals. Their grievances will also be tracked through this portal.

"We help get the layout approval from the development authority as also permissions from the pollution control board. Today, investors look at a large number of factors to take an investment decision. We are making it a commercial proposition for them," Mr. Singh said.

The state is creating a land bank of 1 lakh acres, of which 60,000 acres come from government-owned land.

Last year, the state received investment intent worth ₹71,000 crore in the Make in India Week. Of 14 investment announcements received at the event, nine projects are under implementation, officials said.

From recent investor meets, the State has received and approved firm proposals for 75 projects worth ₹2.02 lakh crore. "This is only the beginning," Mr. Chopra said.

Post-Gujarat polls, political factors to weigh on economic policies: Assocham

OUR BUREAU

Gandhinagar, December 17

As India braces for the outcome of the high-stakes Assembly elections in Gujarat on Monday, industry body Assocham said corporate India will have to factor in "political realities" weighing on economic decisions of the government, including the last full-fledged Budget for 2018-19, to be tabled in Parliament in a couple of months.

Counting of votes polled in the two-phase Gujarat elections held on December 9 and 14 for all the 182 seats will be taken up on Monday and results will be declared the same day. In all, 68.41 per cent voters exercised their franchise, which was 3 percentage points less than in the 2012 Assembly polls (71.34 per cent).

Inevitably, it would be the popular voters' sentiment that would be factored by the Centre and the state govern-

ments in their policies. Tough reform measures such as flexibilities in labour laws may not find favour with the electorate, so India Inc must tone down its expectations on this front.

However, an important takeaway from the current political-economic environment is that the Goods and Services Tax is expected to be streamlined and rates further rationalised on the lower side. "The GST had not gone down well with the traders, the major political force for political parties and the issue remained in focus during the Gujarat elections.

"Besides, SMEs would also get a boost, starting from the Budget proposals. Their role in creating employment in a shorter span of time is being recognised and the job creation would remain a big concern for the government in the foreground to 2019 gen-

eral elections." Going forward, Assocham said it expected a major focus on the rural sector with several initiatives like support to farmers, rural and agri infrastructure.

"Thus, corporate India directly related to the farm economy should stand to gain. The tone would be set in the coming Budget."

The factors to be particularly watched should be inflation, which is usually the top priority of the government in election years.

"In the trade-off, growth may not get as important a place as inflation and thus, the interest rate scenario looks to be on the upside, rather than downward."

Monsoons in 2018 would also be a crucial variable for the rural demand while the credit growth is still some time away, as banks and companies keep repairing their balance sheets.

Political factors to weigh more on economy: Assocham

STATESMAN NEWS SERVICE
NEW DELHI, 17 DECEMBER

As the country gears up for the outcome of the high-stakes Vidhan Sabha elections in Gujarat on Monday, industry body Assocham on Sunday said that corporate India needs to factor in the political realities weighing on economic decisions of the government.

The implementation of the major indirect tax reform GST after the note ban has not gone well with the trading and many small and medium businesses.

"The GST had not gone well with the traders, the major political force for political parties and the issue remained in focus during Gujarat elections. Besides, the SMEs would also get a boost, starting from the Budget proposals.

"Their role in creating employment in a shorter span of time is being recognised and the job creation will remain

a big concern for the government in the foreground to 2019 general elections," the industry body opined.

However, an important take away from the current political-economic environment is that the Goods and Services Tax is expected to be further streamlined and rates further rationalised on the lower side.

After an internal assessment, Assocham said that in the run-up to the 2019 Lok Sabha elections, states including Rajasthan, Madhya Pradesh, Chhattisgarh and Karnataka, are due for polls in 2018. Inevitably, it would be the popular voters sentiment that would be factored by the Centre and the state governments in their policies.

Any tough reforms, like flexibilities in labour laws may not go well with the popular sentiment and thus, India Inc's expectations on this front should be muted.

Going forward to 2018

and 2019, Assocham said it expected a major attention going to the rural landscape with several initiatives like support to farmers, rural and agri infrastructure.

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The factors to be particularly watched should be inflation, which would now be the top priority of the government in the run up to the elections.

In the trade off, growth may not get as important a place as inflation and thus, the interest rate scenario looks to be on the upside, rather than downward.

It further noted that monsoons in 2018 would also be a crucial variable for the rural demand while the credit growth is still some time away, as banks and companies keep repairing their balance sheets.

Political factors to weigh more on economy: Assocham

India Inc will have to factor in political realities weighing on economic decisions of the government, including in the forthcoming Budget, as several major states are going to polls in 2018, Assocham said on Sunday. "In the run-up to the 2019 Lok Sabha elections, states including Rajasthan, Madhya Pradesh, Chhattisgarh and Karnataka are due for polls in 2018. Inevitably, it would be the popular voters' sentiment that would be factored by the Centre and the state governments in their policies. "Any tough reforms, like flexibilities in labour laws, may not go well with the popular sentiment and thus, India Inc's expectations on this front should be muted," said the chamber. **PTI**

■ Political Factors to Weigh More on Policies: Assocham



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