3.1 REASONS FOR INDUSTRIAL DEVELOPMENT CORPORATIONS IN INDIA

Industrialisation in India dates back to the colonial period but it was unplanned and forced one. The basic problem of Indian economy was inequalities of income, poverty, unemployment, poor status of industries, low level of infrastructure facilities, etc. But after independence, five year plans were made for India to make it self-reliant, top economy of the world, to raise living standard, reduce income inequalities, regional development, etc.

The Industrial Revolution was a period from the 18th to the 19th century here major changes in agriculture, manufacturing, mining, transportation, and technology had a profound effect on the socioeconomic and cultural conditions of the times. It began in the United Kingdom, and then subsequently spread throughout Europe, North America, and eventually the world. The Industrial Revolution marks a major turning point in human history; almost every aspect of daily life was influenced in some way. Starting in the later part of the 18th century, there began a transition in parts of Great Britain's previously manual labour and draft-animal–based economy towards machine-based manufacturing.

Before the Britishers came into India the industrial base was quite advanced but gradually after the advent of Britishers to India the Industrial base of India became weak due to trade policy. During the last two decades of nineteenth century and the first decade of twentieth century, the Indian economy during the British rule saw the drain and transfer of wealth and income from India to Britain.

When there was industrial revolution in the European countries, India was facing the dangerous problems of elimination of industries. During this period there was decline of the cotton textile industry because of British discriminatory policies undoubtedly depressed the industry's export outlet. The colonial era of India is a significant part of the India history as it brought a considerable change in the process of taxation from the revenue taxes to the property taxes which resulted in large scale economic breakdown. In fact a number of industries like the Indian handicrafts industry suffered huge losses.

British colonialism did not encourage the development of industry in India. The development of the textile industry in Britain gradually led to the displacement of Indian producers of finished goods. After the American civil war threatened supplies, India became a major exporter of raw cotton. In addition it supplied other primary products for the “motherland” such as tea and jute. By 1910, India has the largest merchandise export surplus after the United States, but America’s export reflected rapid and massive economic development whereas India’s exports of raw materials reflected its subordination as a ‘captive’ source of supply within Britain’s imperial trade system.¹ Although at certain periods – such as the First World War – there was some industrial growth, on the whole colonial India remained a technologically backward society. In 1947 it had one of the lowest per capita incomes in the world; 75 per cent of the population worked in agriculture and produced 50 per cent of the income, while organized industry employed about 2 per cent of the population.²

As early as 1938, a National Planning Commission was established under Nehru’s leadership. In 1944, the Bombay Plan emphasized a crucial role of state planning, with investment priority to be given to heavy industry. Much of the inspiration for these policies came from the Soviet Union, and some emphasis was placed on ‘socialism’ after
independence. In practice, however, Indian socialism took the form of a state capitalism based on planning, heavy industry and the creation rather than elimination of social classes.³

In the subsequent Five Year Plans, a number of economic reforms and policies were formulated. Public and rural sectors were developed, emphasis was given to increase the quantity and quality of the export items, making the country self-sufficient and minimize imports and other related reforms. The political leaders also put stress on business regulations, central planning and nationalization of the industries in mining, electricity and infrastructure.

Creating the Planning commission of India, Nehru drew up the first Five Year Plan in 1951, which charted the government's investments in industries and agriculture. Increasing business and income taxes, Nehru envisaged a mixed economy in which the government would manage strategic industries such as mining, electricity and heavy industries, serving public interest and a check to private enterprise. Nehru's industrial policies, summarised in the Industrial Policy Resolution of 1956, encouraged the growth of diverse manufacturing and heavy industries, yet state planning, controls and regulations began to impair productivity, quality and profitability.

Nehru established state ownership and import-substitution industrialization in hopes of developing the nation’s internal capacity. India opted for the State control over key industries in the initial phase of development. In order to promote these industries the Government not only levied high tariffs and imposed import restrictions, but also subsidized the nationalized firms, directed investment funds to them, and controlled both land use and many prices. In India, there has been a consensus for long on the role of government in providing infrastructure and maintaining stable macroeconomic policies. However, the path to be pursued toward industrial development has evolved over time.

In retrospect, the Industrial Policy Resolutions and statements reflected the desire of the Indian State to achieve self-sufficiency in industrial production. Huge investments by the State in heavy industries were designed to put the Indian industry on a higher long-term growth trajectory. With limited availability of foreign exchange, the effort of the Government was to encourage domestic production. In the light of industrial development, Government in their First five year plan established National Industrial Development Corporation to look after rapid industrialization in India as well as policies were also made for the establishments of industrial estates in States.

At first sight, the record of industrial growth in India since independence appears impressive. In the quarter century from 1950 to 1975, industrial production more than quadrupled. What is more this growth was accompanied by a marked diversification of the industrial structure, which is reflected in the wide range and complexity of goods now manufactured in India. However, a mere glance at the aggregate data reveals that the pace of industrial development has been somewhat uneven over time. In the period of 1951-65, industrial production increased at an average rate of 7.7 percent per annum. This rate dropped rather sharply to 3.6 per cent per annum during the decade 1965-75.⁴

In retrospect, it is clear that the poor performance, which became discernible in the middle and late 1960s, was neither an aberration nor a temporary deviation from the trend,
but the beginning of a long term structural problem. The sluggishness of industrial growth, which has persisted for more than ten years, can no longer be attributed to short-term problems and obviously needs systematic analysis.\(^5\)

Industrialization is often essential for economic growth, and for long-run poverty reduction. The pattern of industrialization, however, impacts remarkably on how the poor benefit from growth. Pro-poor economic and industrial policies focus on increasing the economic returns to the productive factors that the poor possess, e.g. raising returns to unskilled labour, whereas policies promoting higher returns to capital and land tend to increase inequality, unless they also include changes in existing patterns of concentration of physical and human capital and of land ownership. Use of capital-intensive methods instead of labour-intensive ones tends to increase income disparities, as does the employment of skill-based technologies, especially where the level of education is low and human capital concentrated.

Also, the location of industrial facilities has an impact on overall poverty reduction and inequality. As enterprises are often concentrated in urban areas – because of ready access to skilled labour force, better infrastructure, larger markets and technological spillovers industrialization may increase inequality between urban and rural areas. Promoting development of rural non-agricultural activities, like production in small and medium-sized enterprises (SMEs), may decrease this disparity.

In labour-abundant countries, trade liberalization would tend to shift production from capital-intensive import substitutes towards labour intensive export tables. Due to this change, domestic inequality in those countries is expected to decline because of the increased demand for labour, whereas inequality would increase in countries with an abundant endowment of capital. Liberalization of foreign direct investment can also decrease inequality in capital-importing countries, but that depends in part on the degree of skill-bias of technologies employed by foreign invested firms.

The economic development strategy that India chose after the Second World War was very similar to China’s – near autarky, industrialization and the dominance of the state in the economy. Development was considered synonymous with industrialization and industry was concentrating mainly on basic goods like steel and machinery. Private capital was not seen as an efficient motor for development, and it was considered to have a tendency towards monopolization. Because of that, state control was considered to be essential. The chosen development strategy was one of import substitution. Development policies included licensing of industrial activity, the reservation of key areas for state activity, controls over foreign direct investment, and interventions in the labour market.

As the chosen strategy turned out to be ineffective, bureaucratic and conducive to rent-seeking behaviour, policy reforms were started in the 1980s, and some provisional moves to encourage capital-goods imports, rationalize the tax system and relax industrial regulations were made. In the 1980s, however, reforms were less consistent than in China, and they only became systematic and broader at the beginning of 1990s, following a severe macroeconomic crisis. Acceleration of economic growth, however, started already in the 1980s, In the 1980s, the allocative role of the state in India’s industrialization remained important, and only after the 1991 reforms did the driving force of resource allocation shift in favour of the market.
The reforms undertaken in 1991 and thereafter included relaxation of the licensing system controlling internal production, currency devaluation, relaxation of restrictions on the inflow of foreign capital and technology transfer, abolition of quantitative restrictions on imports of raw materials, intermediates and capital goods, reduced tariff levels, relaxation of rules restricting large companies to expand existing units and construct new ones, and simplification of exchange controls. Furthermore, reforms included breaking public sector monopolies, reducing foreign currency debt dependence and tax reforms. However, most of the restrictive labour legislation was left intact and, in addition, the agricultural sector was left largely untouched. In general, the approach to liberalization in India has differed from the standard, Washington consensus, approach. Liberalization has been gradual and controlled, slow liberalization of trade and very gradual privatization have been emphasized, and capital account liberalization has been avoided thus far.

Pandit Jawaharlal Nehru laid the foundations of modern India. His vision and determination have left a lasting impression on every facet of national endeavour since Independence. It is due to his initiative that India now has a strong and diversified industrial base and is a major industrial nation of the world. The goals and objectives set out for the nation by Pandit Nehru on the eve of Independence, namely, the rapid agricultural and industrial development of our country, rapid expansion of opportunities for gainful employment, progressive reduction of social and economic disparities, removal of poverty and attainment of self-reliance remain as valid today as at the time Pandit Nehru first set them out before the nation. Any industrial policy must contribute to the realisation of these goals and objectives at an accelerated pace. The present statement of industrial policy is inspired by these very concerns, and represents a renewed initiative towards consolidating the gains of national reconstruction at this crucial stage.

In 1948, immediately after Independence, Government introduced the Industrial Policy Resolution. This outlined the approach to industrial growth and development. It emphasised the importance to the economy of securing a continuous increase in production and ensuring its equitable distribution. After the adoption of the Constitution and the socio-economic goals, the Industrial Policy was comprehensively revised and adopted in 1956. To meet new challenges, from time to time, it was modified through statements in 1973, 1977 and 1980.

The Industrial Policy Resolution of 1948 was followed by the Industrial Policy Resolution of 1956 which had as its objective the acceleration of the rate of economic growth and the speeding up of industrialisation as a means of achieving a socialist pattern of society. In 1956, capital was scarce and the base of entrepreneurship not strong enough. Hence, the 1956 Industrial Policy Resolution gave primacy to the role of the State to assume a predominant and direct responsibility for industrial development.

The Industrial Policy statement of 1973, inter alia, identified high-priority industries where investment from large industrial houses and foreign companies would be permitted.

The Industrial Policy Statement of 1977 laid emphasis on decentralisation and on the role of small-scale, tiny and cottage industries. The Industrial Policy Statement of 1980 focused attention on the need for promoting competition in the domestic market, technological upgradation and modernisation. The policy laid the foundation for an
increasingly competitive export based and for encouraging foreign investment in high-technology areas. This found expression in the Sixth Five Year Plan which bore the distinct stamp of Smt. Indira Gandhi. It was Smt. Indira Gandhi who emphasised the need for productivity to be the central concern in all economic and production activities.

Government is pledged to launching a reinvigorated struggle for social and economic justice, to end poverty and unemployment and to build a modern, democratic, socialist, prosperous and forward-looking India. Such a society can be built if India grows as part of the world economy and not in isolation. While Government will continue to follow the policy of self-reliance, there would be greater emphasis placed on building up our ability to pay for imports through our own foreign exchange earnings. Government is also committed to development and utilisation of indigenous capabilities in technology and manufacturing as well as its upgradation to world standards.

Government will continue to pursue a sound policy framework encompassing encouragement of entrepreneurship, development of indigenous technology through investment in research and development, bringing in new technology, dismantling of the regulatory system, development of the capital markets and increasing competitiveness for the benefit of the common man. The spread of industrialisation to backward areas of the country will be actively promoted through appropriate incentives, institutions and infrastructure investments.

Government will provide enhanced support to the small-scale sector so that it flourishes in an environment of economic efficiency and continuous technological upgradation. Foreign investment and technology collaboration will be welcomed to obtain higher technology, to increase exports and to expand the production base. Government will endeavour to abolish the monopoly of any sector or any individual enterprise in any field of manufacture, except on strategic or military considerations and open all manufacturing activity to competition.

The Government will ensure that the public sector plays its rightful role in the evolving socio-economic scenario of the country. Government will ensure that the public sector is run on business lines as envisaged in the Industrial Policy Resolution of 1956 and would continue to innovate and lead in strategic areas of national importance. In the 1950s and 1960s, the principal instrument for controlling the commanding heights of the economy was investment in the capital of key industries. Today, the State has other instruments of intervention, particularly fiscal and monetary instruments. The State also commands the bulk of the nation's savings. Banks and financial institutions are under State control. Where State intervention is necessary, these instruments will prove more effective and decisive.

Government will fully protect the interests of labour, enhance their welfare and equip them in all respects to deal with the inevitability of technological change. Government believes that no small section of society can corner the gains of growth, leaving workers to bear its pains. Labour will be made an equal partner in progress and prosperity. Workers' participation in management will be promoted. Workers cooperatives will be encouraged to participate in packages designed to turn around sick companies. Intensive training, skill development and upgradation programmes will be launched.
Role of Industrial Development

Industrial development has an important contribution to the economic progress of underdeveloped economy of India. It brings about significant structural change in the national economy. The following facts underline the necessity of industrial development corporations:

1. Balanced Development
2. Increase in Productivity
3. Development of Agriculture
4. Increase in National Income
5. Increase in Employment
6. Improvement in Standard of Living
7. Increase in Capital Formation
8. Role in National Defence
9. Export Promotion
10. Import Substitution
11. Optimum use of Natural Resources
12. Growth with Stability
13. Development of Human Capital
14. Development of Infrastructure
15. Meets increasing Demand

Since independence, the government made all efforts to build up a sound industrial base. With the purpose of assisting industrial development, the government granted certain tax concession to the industry in 1948-49 and passed the bill to established Industrial Finance Corporation of India. The Industrial Policy resolution was also passed in 1948. This had a favourable impact on industrial development. The industrial pattern in India on the eve of planning in India was marked by low capital intensity, limited development of medium sized factory, enterprise and imbalance between consumer goods and capital goods.

During the first five year plan (1951-56), no big efforts were contemplated to industrialise the economy rather the emphasis was to build basic services like power and irrigation so that the process of industrialization is facilitated. A total investment of Rs. 800 crores was planned for industries, out of which investment in the public sector was to the tune of Rs. 94 crores only. Actual public sector outlay was only about Rs. 57 crores on new projects.

The second five year plan (1956-61) was based on Industrial Policy Resolution which envisaged an expansion of the public sector. Basic and heavy industries were given importance. The actual investment in the public sector on organized industry was Rs. 870 crores. Private sector investment was Rs. 675 crores during second plan. Similarly,
investment in small and village industries was Rs. 265 crores. The second plan was conceived in term of the priorities which were given (i) raising production of iron and steel and of heavy engineering and machine and building industries, (ii) expansion of capacity in respect of other development and producer good. During the second plan, a major task in industry was the building up of three steel plants in the public sector i.e. Rourkela Steel Plant in Orissa, Bhash Steel Plant in Madhya Pradesh and Durgapur Steel Plant in West Bengal. In sphere of small and village industries substantial progress was recorded. About 60 industrial estates comprising 1,000 small factories were set up.¹¹

Third five year plan (1961-1966) made a beginning of long term prospective planning as an instrument to achieve the objective on an integrated growth of industry balanced with agriculture. In order to achieve a self-sustain growth the third plan put emphasis on the development of basic capital goods and producer good industries particularly on machine building industries. The third plan tried to build the power and transportation facilities required for industrial development and also tried to activate the process of industrial and technology change.¹²

Annual Plans (1966-1969) – The fourth plan could not be started in 1966 due to Indo-China war in 1962 and Indo-Pakistan War in 1965. Our economy was facing acute shortage of funds. Instead of five year plans, three annual plans were formulated for the years 1966-67, 1967-68 and 1968-69. (Indian Business Environment T.R. Jain, Mukesh Trehan and Ranju Trehan V.K. (I) Enterprises New Delhi 2009-10 p112). These were the period of annual plans during this period industries could not make much progress.¹³

Fourth five year plan (1969-74) emphasized on agro-based industries such as sugar, cotton, jute, vanaspati, metal-based, and chemical industries. It was during this plan when much progress was made in alloys, aluminum, automobile-tyres, electronic goods, machine tools, tractors, and special steel. Efforts were also made to accelerate the process of industrial dispersal.¹⁴

Fifth five year plan (1974-79) was attainment of self-sufficiency and growth with social justice. Emphasis was led on the following points in the policy relating to industries; (i) accelerated development of core sectors/heavy industries, (ii) development of export industries, (iii) increase in the supply of mass consumption goods, (iv) control over production of unnecessary goods, (v) encouragement to small and village industries, (vi) development of industrially backward regions, (vii) application of modern technology in development of industries.¹⁵

Sixth five year plan (1980-85) had an objective to make optimum utilization of existing capacity of industrial production and to increase productivity. It was also to increase considerably the installed capacity of industries in the public and private sectors not only to produce mass consumption goods but also intermediary and capital goods. In this plan, it was also realized the need for superior technique for industrial progress, import of foreign technology and development of indigenous know-how through research and development activities. It also aimed at the development of backward regions.¹⁶

On the eve of the Seventh Five Year Plan (1985-90), a broad-based infrastructure had been built up. Basic industries had been established. A high degree of self-reliance in a large number of items - raw materials, intermediates, finished goods - had been achieved.
New growth centres of industrial activity had emerged, as had a new generation of entrepreneurs. A large number of engineers, technicians and skilled workers had also been trained.

The Seventh Plan recognised the need to consolidate on these strengths and to take initiatives to prepare Indian industry to respond effectively to the emerging challenges. A number of policy and procedural changes were introduced in 1985 and 1986 under the leadership of Shri Rajiv Gandhi aimed at increasing productivity, reducing costs and improving quality. The accent was on opening the domestic market to increased competition and readying our industry to stand on its own in the face of international competition. The public sector was freed from a number of constraints and given a larger measure of autonomy. The technological and managerial modernisation of industry was pursued as the key instrument for increasing productivity and improving our competitiveness in the world. The net result of all these changes was that Indian industry grew by an impressive average annual growth rate of 8.5% in the Seventh Plan period.

Industries under Annual Plans (1990-92) – Two annual plans were formulated for the year 1990-91 and 1991-92. The average industrial growth rate, during this period was 4.4 per cent per annum. In 1991, New Industrial Policy was announced having features of Liberalisation, privatization and globalisation.

Eighth five year plan (1992-97) has investment in industry more than agriculture. Private sector was accorded more than the public sector. Foreign Companies were given important role in promoting industrial development of Indian economy. It also emphasized on promoting exports of industrial goods and modernization and renovation of Indian industries were also emphasized to meet competition.

Government will continue to visualise new horizons. The major objectives of the new industrial policy package will be to build on the gains already made, correct the distortions or weaknesses that may have crept in, maintain a sustained growth in productivity and gainful employment and attain international competitiveness. The pursuit of these objectives will be tempered by the need to preserve the environment and ensure the efficient use of available resources. All sector of industry whether small, medium or large, belonging to the public, private or cooperative sector will be encouraged to grow and improve on their past performance. Government's policy will be continuity with change.

During the past 40 years, the Indian economy has undergone remarkable structural change. The share of agricultural value added in GDP has more than halved between 1965 and 2005, from 45 per cent to 19 percent. Despite structural changes, agriculture still accounts for a very high share of employment. At the same time, the expansion of services has been sizable, with its share of GDP increasing from 35 per cent in 1965 to 54 per cent in 2005. In contrast to many rapidly growing developing countries (especially in East Asia), there have not been sizable changes in the share of manufacturing (16 per cent in 2005 vs. 14 per cent in 1965). The share of textiles and clothing in manufacturing value added decreased between 1965 and 2000 (from 25 per cent to 13 per cent) (World Bank, 2006). The share of machinery and transport equipment was 19 per cent of manufacturing value added in 2000 (roughly the same as in 1965) and the share of chemicals was about the same (up from 10 per cent in 1965), with much of the increase in the 1990s.
In the 1980s and 1990s, GDP growth was moderately strong in India, the compound annual growth rate being 5.8 per cent in the 1980s and 5.4 per cent in 1990-2002. Growth has been occurring mainly in manufacturing and services. Between 1980 and 2002, the growth rate of manufacturing value-added averaged 6.6 per cent and that of services 7.1 per cent, while agriculture grew at only 2.8 per cent per year. In the 1990s, growth was remarkable in services.

High growth has been accompanied by increasing trade flows. For example, during the period 1991/92-2001/02, India’s gross trade flows almost tripled, and the trade-GDP ratio increased from 21.3 per cent to 33.1 per cent. Growth has been especially rapid in services exports, which grew by 275 per cent, whereas merchandise exports grew by 145 per cent.19 The share of manufactures in merchandise exports has been increasing gradually but significantly. In 1962, manufactures made up 43 per cent of merchandise exports, while in 2003 the share was already three-quarters. Food exports comprised 11 per cent of merchandise exports in 200320, World Development Indicators. Online database). Within manufactures exports, light industries have significance, especially textiles and clothing. Gems are also important exports. Recently, India has developed significant exports of chemicals, mostly drugs and dyes, and automotive components21.

In addition to rapid GDP growth, a sharp reduction in growth volatility has been important for the Indian economy. In the 24 years after 1980, the standard deviation of GDP growth has fallen to 1.9 per cent22, India: On the growth turnpike. 2004 K. R. Narayanan oration, Australian National University, Canberra, April 27), one reason being the shift in the sectoral composition of output and the decrease in the importance of agriculture.

The sectoral composition of growth is likely to matter to the aggregate rate of poverty reduction and changes in income inequality. Jha (2002) argues that the rise of inequality during the years of rapid growth has been due to a shift in earnings from labour to capital income, rapid growth of the services sector, a decrease in the rate of labour absorption during the reform period, and rapid growth of banking, financial institutions, insurance and real estate. (Jha, R. (2002), Reducing poverty and inequality in India: has liberalization helped?)23

According to Ravallion and Datt24, How important to India’s poor is the sectoral composition of economic growth? World Bank Economic Review, Vol. 10, No. 1, pp. 1-25.), changes in poverty (during the period 1951-1991) have responded more to rural than to urban economic growth. They also argue that primary and (informal) tertiary sector growth has had greater impact on poverty than secondary sector growth. Over the long term, the secondary sector has not been a significant source of poverty reduction. One reason for that is likely to be high inequality in human resource endowments, preventing the poor from participating in the non-farm formal sector, especially in the more skill demanding activities. As absolute poverty in India is principally a rural problem, the greatest poverty reduction can be attained by emphasizing rural development, in particular, agricultural development. In some regions, however, poverty reduction is not possible through investments in agriculture, and employment in manufacturing or services is the only possible way to reduce poverty.
The reform process has had clearly beneficial effects on the Indian economy. Growth rates have been high and growth more stable than earlier. The service sector has expanded particularly rapidly, in terms of both output and exports. Along with economic growth, poverty has significantly declined. India’s economy, however, still confronts many obstacles hindering its growth. Limiting factors for development have included: an inefficient legal system and extensive regulations like those of the labour market; a low savings rate which has limited capital formation; a minor role for FDI, especially when compared to China; lack of access to finance, especially for small businesses; high tariff levels which restrict competition in domestic markets and hinder the development of potential exporters.
3.2 NATIONAL INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

In the view of development of India, in the Five Year plans, industries were given due importance as a means of development of the country, which resulted in the establishment of National Industrial Development Corporation on 20th October, 1954 by the Central Government. It is one of the foremost of the public sector undertakings of India. The National Industrial Development Corporation Limited was set up as a financial institution which was a part of the Ministry of Commerce and industry under the Government of India. The National Industrial Development Corporation Limited functioned as a consultancy for the purpose of providing to the country's industrialization requirements.

It is the financial Public Sector Unit, a wing of Ministry of Commerce and Industry, Government of India. The National Industrial Development Corporation Limited was a phenomenon in the establishment of primary producing units in the public sector in India. NIDC is at present among the well known organizations of global standard. The National Industrial Development Corporation Limited also renders services to global organizations such as UNICEF, World Bank, USAID, etc.

The idea of starting this corporation was originally conceived by Mr. T.T. Krishnamachari, the then Minister for Commerce and Industry. In the meeting of the development council held in October, 1953, an announcement was made by Mr. T.T. Krishnamachari, Deputy Chairman of Planning Commission to the effect that an Industrial Development Corporation would be setup as a part of five year plans. A meeting of leading industrialist was convened at Bombay on August, 6 1954 to discuss the draft scheme for the proposed corporation prepared by the Ministry of Commerce and Industry. After incorporating views of leaders of the private enterprises, the National Development Corporation was registered as a private limited company.25

The National Industrial Development Corporation was established with a view to secure a balanced and integrated development of particularly those industries, both in the private sectors and public sectors, which were necessary to fill up the gaps in the industrial structure of the country. This corporation was not conceived to be a financing agency but primarily a development corporation providing both entrepreneurship and finance. In order to achieve this objective, the corporation was expected to formulate projects, prepare feasibility studies and establish and run industrial enterprise.

Although, the original design of National Industrial Development Corporation was ambitious and raised high hopes to secure a balanced and integrated development of industries but its actual records were quite different. In practice, the National Industrial Development Corporation functioned simply as an agency of the Central Government for investigation and initial processing of Government industrial projects and channelizing of special financing assistance for the modernization and rehabilitation of the Cotton and Jute Textile Industries and for the expansion of Machine Tool Industries. In early 1963, the Central Government instructed the National Industrial Development Corporation not to entertain any fresh loan application and since then it has ceased to be a financing institution for the private industry. At present the National Industrial Development
Corporation is mainly consultancy organization that helps the government in the preparation of technical studies for projects in the public sector enterprises.\textsuperscript{26}

It was conceived mainly an instrument for securing a balanced and integrated development of industries in the private as well as the public sectors. Its basic objective is to promote and develop heavy industries which are essential for filling up gaps in the industrial structure of the country. It seems to achieve the following objectives\textsuperscript{27}:

1. Financial Assistance – To provide financial assistance in the form of loans and advances, guarantees, discounting of bills and notes, underwriting of securities and direct subscriptions.
2. Consultancy Services – To provide consultancy services rather than finance.
3. Study and Investigation – To undertake the study and investigation of industrial schemes in order to ensure the best possible utilization of national resources.
4. Growth of Ancillary Industries – To promote, establish and execute industries which lead to the growth of ancillary industries.
5. To grant loans to Industries – The Corporation seeks to serve as an agency of the Government for the grant of special loans to industries.

The following measures were taken for the development of industries\textsuperscript{28} –

1. Establishment of Basic and Heavy Industries – On the eve of independence, basic and heavy industries were almost non-existent in India. Establishment of such industries requires huge investment. Because of long-gestation period, private sector is reluctant to make investment in them. In pursuance to its Industrial Policy 1956, government established many basic and heavy industries in public sector. For instance, large iron and steel industries was set-up with foreign collaboration at Bhilai (MP now in Chhattisgarh), Durgapur (West Bengal), Rourkela (Orissa) and Bokaro (Bihar) in public sector. Besides Heavy Machine Tools, Heavy Electrical, Heavy Chemicals, Fertilizers, Petrol and Petroleum products industries were also set-up in public sector. All this had a salutary effect on industrial development.
2. Establishment of New Industries – Several new industries were established by the government in public and joint sector e.g. Pharmaceuticals, telephone, railway engines, cars, television, etc. Establishment of industries was also encouraged in private sectors. Besides engineering goods, computers, electronic goods industries were also encouraged. Setting up of these industries has facilitated balanced industrial growth.
3. Establishment of Financial Institutions – With a view to provide finance facilities to industries, government has established many financial institutions like Industrial Finance Corporation of India, Export Import Bank of India, Public Sector Banks, State Industrial Development Corporations, Small Industries Development Bank of India, etc. These institutions make available to industries small, medium and long-term loans at low rate of interest.
4. Facilities of Foreign Capital – Government of India has adopted liberal economic policy to facilitate foreign capital investment. Iron and steel industries at Bhilai, Durgapur, Rourkela and Bokaro in the public sector have been established in
collaboration with the foreign capital. Setting up of many hi-tech industries has become possible with foreign capital investment.

5. **Facilities of Foreign Technology Agreements** – Government of India has sanctioned many foreign technology Agreements for the import of modern technology from abroad for the sake of technological development of the industries. According to the terms of these agreements, Indian industries may make payment to foreign companies in foreign currencies for the import of sophisticated technology either in form of royalty or as one-time payment. Since 1991 sanction has been given for 7898 foreign technological agreements. As a result of these agreements, Indian industries will be in position to get modern production technology at relatively low cost.

6. **Facilities of Electricity** – To increase the generation of power for the benefit of industrial development, several measures have been taken by the Government. Number of multi-purpose river-valley projects has been launched. The power generation capacity has increased by 138 times. With increase in generation of electricity, substantial improvement in the development of industry has been possible.

7. **Facilities of Transport and Communication** – Development of means transport like road, railways, waterways and airways has largely facilitated movement of raw materials to industries and finished products to markets and ports. As a result, decentralization of industries has increased manifold. Likewise expansion of facilities of communication like telephone, post, telegraph, fax, mobile, etc has improved efficiency of industries a lot. It has become possible to establish industries in the backward regions of the country.

8. **Facilities of Inventions and Technical Development** – Government have also taken steps to expand the facilities of inventions and technical development. The aim of Technology Development Statement issued in 1983, aims to develop Indigenous Technology and to make optimum use of imported technology. Department of Scientific and Industrial Research of Government of India provide facilities for invention and technical development of industries.

9. **Facilities to Rehabilitate Sick Industrial Units** – Government have been making persistent efforts to rehabilitate sick industrial units. For this purpose, it has established Industrial Reconstruction Bank of India. It arranges for rehabilitation of sick units. In 1987, Board for Industrial and Financial Reconstruction (BIFR) was set up in order to solve the problems of rehabilitation of sick industries.

10. **Facilities of Industrialisation of Backward Area** – Special facilities have been offered by the government for industrialization of industrially backward regions. Steps taken by the Government in this direction are: (i) Public sector units have mostly been set up in backward states like Bihar, MP, Orissa, etc. (ii) Industrial Estates and Focal points have been established in the backward areas. (iii) Industries set up in backward areas also get subsidies (iv) Industries set up in backward areas are also granted exemption from sales tax, income tax and excise duty, for some years.

11. **Special facilities to Export-Oriented Industries** – Government has offered special facilities to export-oriented units (EOU) to promote exports. Special Economic Zone has been set up in different parts of the country. The objective of these zones is to
provide competitive international environment to export industries. The major share of production of these industries is exported. Various kinds of facilities are given to enable them to compete in the foreign market.

12. Facility of Standardization of Industrial Goods – In 1974, Bureau of Indian Standards was set up to improve quality of industrial products and to effect their standardization. Bureau sets standards of industrial products both at national and international levels. To maintain quality, this bureau also imparts training to industrial workers. As a result, quality of industrial products improves.

It is fact based on experience that limited assistance and facilities can be provided to the entrepreneur of private sectors for the development and expansion of consumer goods industries and thus, national demands can be fulfilled. But, for the establishment and development of basic and capital goods industries are concerned, it is usually not possible for the private entrepreneurs. Therefore, Government has to take initiation in such areas. Due to this reason, Government of India continuously expresses and encourages both, private and public sectors, for the development of industries. So, it is one of the objectives of the corporation that to develop favourable environment for the industrial development and to materialize projects according to the policy-based decisions.

In the Second Five Year Plan (1955-61), the Planning Commission gave importance to the National Industrial Development Corporation, as below:

A provision of Rs. 60 to 65 crores has been made in the plan of the Ministry of Commerce and Industry for purposes of direct assistance to industries and participation in the capital of the Indian Explosives Limited, regarding which commitments have already been made. The total provision for schemes of the Ministry of Commerce and Industry is Rs. 70 crores. Of this, about Rs. 5 to 10 crores are expected to be required for schemes which fall outside the group of manufacturing industries been entered into by Government, and for the activities of the NIDC. Of this provision, a sum of about Rs. 55 crores will be available for the activities of the NIDC. A part of these resources (tentatively placed at Rs. 20-25 crores) is expected to be utilised for assisting the modernisation of the cotton and jute textile industries. 29

The reasons for the priority which has been accorded to these industries have been explained earlier. The rest of the provision for the National Industrial Development Corporation, estimated at about Rs. 35 crores, will be available for pioneering new basic and heavy industries. The projects taken up for investigation by the NIDC include foundry and forge shops, structural fabrication, refractory’s, chemical pulp for rayon, newsprint etc., intermediates for dyestuffs and drugs, carbon black etc. Apart from these projects, it is expected that the NIDC will direct its efforts towards fostering the establishment of a new unit in the aluminum industry and the manufacture of heavy equipment for earth moving, mining etc. and rolls and rolling mill equipment required in ferrous and non-ferrous industries.

A committee has recently been appointed by the Ministry of Commerce and Industry to advise on the most appropriate locations for the establishment of a new aluminum smelter during the second five year plan for attaining the capacity target of 30,000 tons recommended for this industry. Arrangements are being made for the
preparation of project reports for heavy foundries, forges and structural shops. It is expected that facilities for undertaking design and development work in connection with these projects will also be established.

For carrying out the above programmes the NIDC may need more resources than have been allocated to it. The extent of the gap between the resources actually required and the provision of funds now proposed will ultimately depend on the pattern of financing adopted and the size of the Government's holding in the overall investments in the various projects. If due to shortage of financial resources a 'scheme of priorities has to be worked out in connection with the implementation of the NIDC projects, the highest priority will have to be given to schemes connected with the manufacture of heavy machinery or directly related thereto, in view of the desirability of ensuring conditions for the fabrication within the country of the bulk of the heavy machinery that will be required in the third five year plan.\textsuperscript{30}

Investment Outlay and Sources of Finance - The programme of overall development envisaged under the NIDC and the private sector (other than mining, electric power generation and distribution, plantation and small-scale industries) will entail a total outlay of Rs. 720 crores comprising Rs. 570 crores of new investments and Rs. 150 crores on replacements and modernisation. A provision of Rs. 55 crores is at present made for the NIDC under the plan as already explained. On these basis additional resources of the order of Rs. 665 crores will have to be raised for the fulfilment of the programme. As against these requirements present estimates of resources likely to be available to the private sector place them at only about Rs. 620 crores.\textsuperscript{31}

\textbf{Capital Structure of Industrial Development Corporation Limited}

It is a statutory corporation owned by the Central Government of India. It is a Public Sector Unit, a wing Ministry of Commerce and Industry, Government of India. The National Industrial Development Corporation was register with an authorized capital of Rs. Nine crores. It started functioning with a paid up capital of Rs. 10 lakhs entirely contributed by the Government of India. It receives annual grants from the Government for the purpose of study, investigation and formulation of projects. The government also grants loan to it as and when specific projects are taken up for execution.\textsuperscript{32} The Corporation has the power to issue equity shares or debentures for meeting necessary financial resources. The Central Government has made arrangements of necessary additional funds for the Corporation under its annual budget in various financial years.

\textbf{Management of National Industrial Development Corporation Limited}\textsuperscript{33}

The management-operation of National Industrial Development Corporation is managed by 20 board members. The Minister of Commerce and Industry, Government of India is the Ex-officio Chairman of the Board of Directors. Other members of the board are appointed by the Central Government on the following basis:

- Industrialists 10
- Officers 05
- Engineers 04
Resources of the National Industrial Development Corporation Limited

Multi talented work force of battle hardened professionals
Technologically advanced computer software and hardware instruments
Collaborations with both national and international companies, development bodies, research cells, universities, national Laboratories, and Indian Institutes of Technology


Wide spectrum of services offered by the National Industrial Development Corporation Limited:

- Project engineering
- Industrial management and planning
- Energy management
- Project management and construction management
- Procurement, expedition and inspection
- Quality and technical audit
- Industrial and social infrastructure
- Human resources development and management
- Environmental engineering
- Development of application software and information technology

Functions of National Industrial Development Corporation


The main functions of National Industrial Development Corporation are:

To formulate and execute projects for setting up new industries;

To provide consultancy services;

To finance the rehabilitation and modernisation of certain industries such as cotton and jute textiles, machine tools, etc.
National Industrial Development Corporation has performed following activities:

- **Development** – The National Industrial Development Corporation is a developmental agency providing both financial and entrepreneurial assistance. It has conducted feasibility studies and provided consultancy and engineering services. It provides financial assistance for rehabilitation and modernization. It also provides machinery on hire-purchase basis to these industries.

- **Consultancy** - National Industrial Development Corporation has set up a Technology Consultancy Service which includes project designing, preparation of project reports, pre-investment and feasibility studies, modernization and rationalization studies, etc. The Corporation has rendered consultancy services to several projects in Iran, Kenya, Libya, Malaysia, Italy, Yemen and Nepal. It has taken up assignments on behalf of United Nations Industrial Development Organisation (UNIDO). It has investigated and prepared several important projects in India and abroad. It has been instrumental in setting up a heavy machine building plant at Ranchi in Bihar.

- **All types of Services** – The National Industrial Development Corporation has provided engineering, construction, detailed designing and management services for well-known agencies like the Department of Atomic Energy, National Aluminum Co., Mishra Dhatu Nigam, Hindustan Organic Chemical, Indian Drugs and Pharmaceuticals Ltd., National Instruments Ltd., Hindustan Copper Ltd., Bharat Heavy Electricals, etc.27

In short, it is intended mainly to be an agency of the Central Government for developing industries in the country with a no profit motive. It offers services to a wider range of industries largely based on the implementation of technologies developed in India.
3.3 MADHYA PRADESH INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

As it was a policy of the Central Government that each state must have their own industrial development corporation for the development of their state. When Chhattisgarh was a part of Madhya Pradesh, it had a branch of Madhya Pradesh Industrial Development Corporation Ltd. at Raipur as Madhya Pradesh Audyogik Kendra Vikas Nigam (MPAKVN). M.P. State Industrial Development Corporation Ltd. (MPSIDC) started its operations in 1965 primarily to augment industrial growth in Madhya Pradesh by providing financial assistance and subsequently in 1981 the state government assigned infrastructure development work to it.

Madhya Pradesh Industrial Development Corporation Ltd. was established as an assisting company of National Industrial Development Corporation with an objective of development and promotion of industries in the state.

Madhya Pradesh Industrial Development Corporation Ltd. will work as the nodal agency for the development of medium and large scale industries in the State. This Corporation will be responsible for reviewing the performance of the performance of Audyogik Kendra Vikas Nigams and for the development of infrastructure in the Growth Centres and its expansion and up-keep. The Madhya Pradesh Industrial Development Corporation Ltd. will play the role of a coordinator for encouraging the growth of industrial infrastructure in Growth Centres in partnership with the private sectors and industries associations. The Madhya Pradesh Industrial Development Corporation Ltd. will consider proposals for equity participation in large and medium industries within the framework of the assisted and joint sectors.34

Madhya Pradesh has the largest number of small scale units in the country. The cost of prime industrial land is amongst the lowest in the country, attracting over 2,700 companies in the 23 industrial growth centers. Among the flourishing growth centers are Pithampura near Indore, Malanpur near Bhopal, Siltara and Urla in Raipur. MP’s excellent location, bordering onto seven states, allow easy access to booming national markets in the North, South, East and West. The State has made a continuous effort to locate industrial growth centers close to major cities to make existing urban housing accessible to industrial units. For industrial units in remote districts, the State provides land at concessional rates for housing projects.35

There is tremendous potential for taking Madhya Pradesh into the ranks of the industrially advanced States of the country. The Industrial Policy and Annual Plan, 1994 aims at accelerating and strengthening industrial development, attracting more capital investment, ensuring balanced regional development and providing additional employment opportunities to help to improve the standard of living of the people.36

The Industrial Policy and Annual Plan, 1994 into account the rapid economic changes taking place at the National and International Levels. In the context of economic liberalization, it is becoming increasingly necessary to reduce the regulatory role of administration. The facilitator role of the administration will need to be strengthened. The Industrial Policy document delineates, among others, measure to strengthen the physical...
and human infrastructure base, as well as promotional measures, including facilities and concessions. It spells out the use of taxation as an instrument for increasing employment generation and developing synergistic linkages between different sectors.  

Madhya Pradesh has tremendous potential for a faster pace of industrial growth given its natural resources, rapidly developing infrastructure and a sound human resource base. The dynamism of the State is indicated by the fact that it was the first State in the country to abolish octroi, the first to go into frontier technology like fibre optics and also the first to develop a toll road, opening up infrastructure development to the non-government sector. The Industrial Policy and Annual Plan, 1994 aims at all-round development of the State’s industrial potential.

Growth Centers’ will continue to be the hubs of the development. The facilities provided to them will be greatly strengthened. Infrastructure facilities like an Air Cargo Complex and Container Depots will be speedily developed. Private participation in developing infrastructure will be encouraged. The State Government will allot lands/sheds to entrepreneurs on 99 years lease on the condition that the land use will remain for industrial purpose. During this period, the State Government will have the right to increase lease rent, as per rules. The entrepreneurs will not have the right to sell land which has been leased to him. The change of land use will not be permitted without the permission of the Government. The lease is liable to be cancelled on violation of the conditions of the lease deed.

Procedures relating to transfer of land and sheds, as well as provision concerning changes in the constitution of the industry will be simplified. The Commissioner will be empowered to grant exemptions to industrial units under the Urban Land Ceiling Act. Duality of administrative functioning in the industrial Growth Centers Units will be removed. Services like fire brigade, police station, will be available at every growth centre. The Government will encourage the setting up of common effluent treatment plants.

Industrial Associations will be encouraged to develop social and infrastructure facilities in Growth Centres. Land will be provided at concessional rates for construction of schools, medical centre, and recreational facilities at every growth centre. Entrepreneurs will be allotted land at concessional rate around growth centres for the construction of airstrips. Private land acquired for the purpose will be made available at actual acquisition cost. The airstrip will be made available for public use.

While Madhya Pradesh Industrial Development Corporation Ltd. will continue to provide services in Growth Centres, private agencies will also be encouraged to operate such services on a commercial basis. Industrial Associations will be encouraged to provide day-to-day maintenance services in Industrial Estates and Areas on a cost sharing basis. The development of industrial Model Townships by the private sector will be welcome. The State Government will provide land by way of its equity participation. Not only will these townships provide for sheds and developed plots, but also social infrastructure facilities like housing, schools, colleges, medical centres and recreational facilities.

The private sectors will be encouraged to set up Growth Centres for the small scale and tiny sectors. The State Government will provide land by way of its equity participation for such centres. The cooperative sectors will be provided land at concessional rates for
this purpose. The Government of India has accorded for establishing a Mini-Growth Centre in the State. Efforts will be made to set up more such Mini-Growth Centres in the different parts of the State. These Mini-Growth Centres will be earmarked for the Tiny and Small Scale sector and will enjoy facilities and concessions at par with the larger Growth Centres.\textsuperscript{43}

Specialised Industrial Complexes will be developed by the Directorate of Industries/ Madhya Pradesh Industrial Development Corporation Ltd. in consultation with the Industrial Associations. The complexes will be product specific, covering products like electronics, garments, leather, food processing, chemical based industries, technology, etc keeping in view location advantages. Such specialized complexes will help in develop market linkages, and an easily accessible labour pool. They will also afford convenient access to raw materials and intermediate goods, permitting near-zero inventory levels. The private sectors will be encouraged to set up such complexes and will be given land at concessional rates.\textsuperscript{44}

Units to be established in Growth Centres developed by Madhya Pradesh Industrial Development Corporation Ltd.s with the approval of the State Government, where expenditure on development of infrastructure has been made, from time to time shall be eligible for the commercial tax concession, either by way of exemption or deferment for an additional period of two years. This concession will also be available in Growth Centres which are approved in the future.\textsuperscript{45}

\textbf{Capital Structure}

The Madhya Pradesh State Industrial Development Corporations (MPSIDC) was set up under the Companies Act, 1956, as wholly owned state government undertaking for promotion and development of medium and large industries. It is a public sector unit, registered with an authorized share capital at the end of 1983 was Rs. 20 crores and issued and paid up equity share capital was Rs. 11 crores 85 lakhs. The Government of Madhya Pradesh has full ownership over the equity shares of the Madhya Pradesh Industrial Development Corporation Ltd. It is an autonomous body, which has its own board of directors. It is a fund providing institution to different levels of industries and if necessary Industrial Development Bank of India provides finance for meeting the requirements of the demands of the industries. The authorized share capital of the Nigam was Rs. 45 crores on 30th June 1987 and issued and paid up share capital was Rs. 40 crores 41 lakhs 26 thousand. Later on, its authorized share capital was raised to Rs. 61 crores having issued and paid up share capital was Rs. 46 crores 33 lakhs 98 thousand.\textsuperscript{46}

Economic development involves a major transformation of the economy from one which is dominantly an agriculture based to an economy containing large industrial sector. Thus, it is equated with the industrialization. The need of industrial development can be explain by some basic arguments:

i. planned industries could provide market for the agricultural products;

ii. new industries could produce appropriate farm inputs;

iii. they would provide jobs for unemployed; and

iv. the planned industries could trigger off a chain of development in rural areas.
But, there are four critical features of industrial planning –

i. kinds of industries;

ii. appropriate technology;

iii. location of the industries to ensure rural development; and

iv. the integration of the space economy.

The decisions of kinds and location of industries require a pre-industrial survey of industrial potentials and screening of a long range of possible industries. The industrial potential is determined by the availability of raw materials and desirability of the industry. The objective of the development planning is equitable distribution of developmental benefits through the development of local resources. Under such circumstances; manufacturing industries should be located in the areas of occurrence of resources if other factors of production are favourable. 47

As Madhya Pradesh Industrial Development Corporation Ltd. is an assisting unit of National Development Industrial Corporation so it’s the moral responsibility of Nigam to work according to the recommendations and approved projects of National Industrial Development Corporation. But, being an autonomous corporation, it is free to take effective decisions related to State’s industrial development. The policy based decisions of State Government also plays an important role in the programmes and plans of the Nigam. It has to determine its working policy according to the decisions and suggestions of members of the Board of Directors. 48

It was not an easy task to trigger economic growth through industrialisation in the State like Madhya Pradesh, which had exhaustive and wide area, with complete disparity and diversity and low economic status. But the Corporation took the challenge and established a record of its achievements in Madhya Pradesh, which was known as an industrially backward state. The Corporation attracted entrepreneurs of Madhya Pradesh and other States by providing them necessary and useful information related to potentials of industries in Madhya Pradesh. It also encouraged them by providing direct-indirect assistance of capital-formation necessary for the establishment of industries. 49

A variety of industries have grown up in different parts of this state. Total numbers of registered factories of all scales have reached to 11294 in 1995 from only 2996 in 1970. Details are available for 1989 in which year 8592 are manufacturing and 302 service establishments. Modern industries started in the last decade of last century, but its real beginning owes to the planned period after independence. Number of registered factories increased from 1811 in 1956 to 9394 in 1990 and 11474 in 1996; recording more than 6 times increase during last four decades. Only few of them were large and medium industries. There were only 54 registered large and medium industries in 1956 which rose to 747 in 1995-96. Accordingly fixed capital invested in these industries rose from Rs. 1001.50 millions in 1956 to Rs. 86764.10 million in 1995-96. Further, 63 new industries were registered during 1996-97, investing Rs. 32312.20 million. Total 226.3 thousand workers got employment in these units. 50

Since 1994 the focus of MPSIDC has been infrastructure development to attract and promote industries, both domestic and foreign, in Madhya Pradesh. It has plans to develop and implement infrastructure projects like air cargo complexes, dry ports, express
highway, power plants and industrial water supply projects. MPSIDC is the central point and hub, which coordinates, activates and ensures implementation of mega projects to strengthen and upgrade infrastructure in Madhya Pradesh.

MPSIDC is also involved in developing industrial infrastructure like industrial estates, industrial parks, etc. and is engaged in setting up of industrial projects either on its own or in the joint sector in collaboration with private entrepreneurs or as wholly-owned subsidiaries. MPSIDC renders technical assistance to the entrepreneurs in the formulation of the project reports and also provides common facilities in the industrial estates. In addition, it also provides financial assistance to the entrepreneurs to enable them to set up their industries in the state. The Corporation provides loans and advances to the industrial units in the medium and large sectors.

MP State Industrial Development Corporation has made it capable to ensure success by handling its increasing role, divided its working area in the following categories:

1. Encouragement to Industries – It includes providing help in the execution of formalities like identification of industry, location, guidance, coordination in approval and other such activities.
2. Finance Assistance – To provide loans to the approved units under its finance scheme and to act as a mediator for capital from other financial institutions.
3. To connect industries by delivering facilities and concessions provided by the State Government and related administrative restrictions.
4. To implement Central Subsidy Plans promoted by the Government of India.
5. To approve new industrial units or programmes in joint venture with public private partnership and to develop basic infrastructure facilities in industrial estates.
6. To develop necessary fundamental structure for the industrial development.

For balanced and sustained industrial development in undivided Madhya Pradesh, MPSIDC has setup six subsidiary companies known as M.P. Audyogik Kendra Vilas Nigam (MPAKVN) located in Bhopal, Indore, Gwalior, Raipur, Jabalpur, and Rewa. It has established many growth centers in Madhya Pradesh. As an organization, it has to promote infrastructure development in the state. It has established 23 growth centers in Madhya Pradesh, spread over an area of 9000 hectares.

These are among the 19 Industrial Growth Centres established in the state with a view to attract medium and large industries and the Non Resident Indians (NRIs) to the State and to provide various facilities and concessions to them. These 19 Industrial Growth Centres have been set up under the five Audhyogik Kendra Vikas Nigams, established by the Audhyogik Vikas Nigam.
M.P. Audyogic Kendra Vikas Nigam Limited at six places (Bhopal, Indore, Gwalior, Raipur, Jabalpur and Rewa) was established as a subsidiary of MP State Industrial Development Corporation Ltd. for the smooth functioning and maintaining of industrial estates in such a big state.

**M.P. Ayodhyogik Kendra Vikas Nigam Limited, Raipur**

For balanced and sustained industrial development in Madhya Pradesh, Raipur Nigam was one of the four initial Audyogic Kendra Vikas Nigam. M.P. Audyogic Kendra Vikas Nigam (Raipur) Limited was registered under section 212 of Companies Act, 1956 on 16th November, 1981. The registration number of this unit was 1853. The Nigam has been entrusted the responsibility of Industrial promotion through development of Industrial Growth Centers in selected areas of its jurisdiction in the State of Madhya Pradesh. It started working as a subsidiary company of M.P. Industrial Development Corporation to fulfill the programmes and plans made by the Central Government and State Government.  

Being an independent and autonomous corporation, it was necessary to make arrangement of capital for execution of duties and liabilities. National Industrial Development Corporation and M.P. Industrial Development Corporation, both determined capital structure at the initial stage. The authorized capital was ensured to Rs. one crores divided into one lakhs equity shares of Rs. 100 each. At the beginning, the total subscribed and paid up capital was Rs. ten lakhs one thousand one hundred.  

Due to the developmental achievements of M.P. Audyogic Kendra Vikas Nigam (Raipur) Limited was effective among all the M.P. Audyogic Kendra Vikas Nigams. The capital was increased from time-to-time due to its progress speed which was Rs. 1 crores 60 lakhs on 31st March, 1988.

The area of Raipur Nigam was all districts of Chhattisgarh including tribal belt of Bastar. Those places of Chhattisgarh which were connected to other parts of the country or had any type of administrative head-quarter or had mandi of some important products were developed as an important place. Such places were Rajnandgaon, Durg-Bhilai, Raipur, Bilaspur, Akaltara, Tilda-Neora, Rajim-Navapara, Bhatapara, Mahasamund, Dhamtari, Raigarh, etc were remarkable. The Chhattisgarh was bestowed with ample natural resources like iron-ore, dolomite, cement, lime stone, phosphorus, etc. A new era began with the establishment of Bhilai Steel Plant at Bhilai, a Public Sector Unit. This PSU gave rise to many ancillary and assisting industries. Many cement industries were established, which was also a noteworthy achievement. The Dharamshi Morarji Fertilizer at Kumhari was also established which encouraged entrepreneurs to think of potentials of industries of other products.  

But there were difficulties for the small and medium scale industrialists who wanted to set up their units in Chhattisgarh. Bhopal Nigam came forward to provide assistance to solve the problems of entrepreneurs of small and medium scale industries. Regional development was progressed due to their attempt but it was not as per expectations. As Bhopal Nigam was able to cope up with the requirements of industrialists of Chhattisgarh which gave rise to the establishment of M.P. Audyogik Kendra Vikas Nigam Raipur. This Nigam was given complete power to take its decisions regarding
industrial estates, its development, attracting entrepreneurs to Chhattisgarh, location for industries, infrastructure for the industries, loan assistance, etc.

Thus, the above reveals that at the time of undivided Madhya Pradesh, the areas of Chhattisgarh were not given too much attention. It was very late that AVKN, Raipur was established to look after all the regions of Chhattisgarh. Even though, it showed some work at its time period. The AKVN, Raipur has been as it is converted into Chhattisgarh Industrial Development Corporation.

3.4.1 Introduction and Objectives of Chhattisgarh State Industrial Development Corporation

Introduction

During the first half of nineteenth century, India suffered the industrial decline which was the result of British Colonial Policy. India was deliberately deprived of the gains of the Industrial Revolution and kept pre-dominantly agrarian by the Britishers only to secure cheap raw materials for British Industries and to use ready markets in India for industrially produced goods of Britain. Reasons for the decline of the Indian population engaged in industrial sector:

- A steep decline in handicrafts.
- India was not compensated by the rise of modern industry unlike other European countries.
- The decline of handicrafts was not accompanied by any rise of indigenous machine industry.

Two scholars Dr. D.R. Gadgil, the author of ‘The Industrial Evolution of India in Recent Times’ and D. Basu, the author of ‘Ruin of Indian Trade and Industries’, had mentioned many causes for the decline of native handicrafts.

According to Dr. D.R. Gadgil, the main causes were-

- Disappearance of native Indian courts which patronized Handicraft and employed the craftsman on regular basis.
- The establishment of foreign rule which patronized English made products.
- The competition in the form of machine industry.

According to D. Basu, the main causes were-

- Forcing British free trade in India
- Imposing heavy duties on Indian Manufacturers in India
- Transit and custom duties
- Export of Raw Materials
- Special privileges to British manufacturers
- Compelling artisan to tell their trade secrets
- Holding exhibitions
- Building Railways

(Source: Pratiyogita Darpan Indian History Modern India Upkar Prakashan Agra p110)
The industrial progress of India under the British Colonial Regime during the second half of the Nineteenth Century had taken a very uneven shape, as industries were mainly concentrated in coastal regions. The inheritance of industrial structure from Britishers at the time of independence was restricted to a few types industries like cotton, jute, coal, sugar, tea, iron and steel, cement, paper, rice including some railway workshops and assembly plants. The pace and pattern of industrialization exhibited an indistinct situation due to biasness of colonial rules for expansion of raw material production, smallness of the domestic market, lack of investment climate, absence of entrepreneurship, lack of banking institutions and inadequacy of transport infrastructure. A diversification of economy through rapid industrialisation was, considered necessary to restructure the basic conditions of employment generation, raising the living standard, reducing inter-regional disparities, improving the balance of payment situations, attaining self-reliance in the economy, etc. The pattern of industrial development observed from the historical experience shows that it gets concentrated in some urban centres leading to economic development of surrounding regions.

After independence in 1947 India resorted to a development strategy heavily reliant on public sector investments. Private property and private investments were not illegal but they were discouraged. This model of development was inspired by the success of the Soviet Union at that time. The modern economic growth stems from industrialization, which gives rise to high rates of growth in per capita real income and this observed relationship is summed up in the maxim of 'manufacturing as the engine of growth'. Modernisation, urbanisation, technological progress, improvement in standard of living, etc. all go along with industrialisation and the speed of their occurrences is associated by a faster growth of industrial sector.

Chhattisgarh, a land of opportunities, is among the richest States in the country in terms of mineral and forest resources, with a large untapped potential for industrialization. The State has economic and political stability. It is conclusively known that good governance and excellent infrastructure carry a much higher weight than incentives in attracting investments. With its emphasis on good governance and good infrastructure, Chhattisgarh is on its way to economic prosperity through industrial investments.

Chhattisgarh is India’s youngest and the fastest growing State. It is truly a land of opportunities. It is rich of mineral resources like steel, coal, aluminum, tin and bauxite. It has conductive labour environment, cheap power and sufficient water is available at a cheaper rate. It is endowed with great biodiversity – 44% of geographical area is forest land. It has virgin places of tourism attractions – waterfalls, temples, caves, etc. Raipur, its capital is well connected by flights and trains with major destinations of India – Mumbai, Delhi, Hyderabad, Kolkata, etc. It is on Mumbai-Howrah and Delhi-Vizag rail route. One of the unique features of Chhattisgarh is its unique tribal population.

Chhattisgarh has been famous for its rice mills, cement and steel plants. Durg, Raipur, Korba and Bilaspur are the leading districts in the field of industrial development in the state. Bhilai Steel Plant (BSP) in Durg district happens to be the largest integrated steel plant of the country. Establishment of BSP in 1950’s led to development of wide range of industries at Raipur and Bhilai. Raipur district has got the rare distinction of
having the largest number of big and small-scale cement plants. Bilaspur and Durg districts too are home to a number of large scale plants. Korba with a number of power generating units established by NTPC and MPEB, is among the leading power generation centers of the country. Aluminium and explosives plants are also located in Korba district. There are number of industrial growth centers in the state which host hundreds of industrial units. The highly productive labour force and peaceful law and order are catalyzing this process. The State Investment Promotion Borad is bound by law to issue time bound approvals with legislation to this effect in place.

State Industrial Development Corporations have been established under the Companies Act, 1956 as wholly-owned undertakings of State Governments. They aim to promote industrial development in the respective states and provide financial assistance to small entrepreneurs. They are also involved in setting up of medium and large industrial projects in the joint/assisted sector collaboration with private entrepreneurs or wholly – owned subsidiaries. They are undertaking a variety of promotional activities such as preparation of feasibility reports, conducting industrial potential surveys, entrepreneurship training, and development programmes as well as developing industrial estates.

After separation of Chhattisgarh from Madhya Pradesh, it was felt that the newly born state should also have its own industrial state which gave rise to Chhattisgarh State Industrial Development Corporation Limited (CSIDC). Chhattisgarh State Industrial Development Corporation is a Government of Chhattisgarh Undertaking under Commerce and Industry Department registered under companies Act 1956. Chhattisgarh State Industrial Development Corporation is the nodal agency of Chhattisgarh for industrial promotion, marketing assistance for industrial development & export promotion. It extends marketing assistance to small scale industries. It creates and maintains basic infrastructural facilities in industrial areas. Chhattisgarh State Industrial Development Corporation Limited (CSIDC), which has been setup by the State Government for developing Industrial Estates and providing Industrial and Social Infrastructure on an integrated basis.

When the Chhattisgarh State was formed, the State Government decided to establish only one corporation i.e. Chhattisgarh State Industrial Development Corporation Limited instead of many corporations and various corporations received from the undivided Madhya Pradesh was clubbed and combined in this Corporation. Thus, Madhya Pradesh Audyogik Kendra Vikas Nigam Raipur Limited was converted into Chhattisgarh State Industrial Development Corporation Limited on 17th April, 2001 as a State Level Corporation.

Currently, Chhattisgarh State Industrial Development Corporation includes share received from State Industrial Corporation, Small Scale Industries Corporation, Madhya Pradesh Finance Corporation, Madhya Pradesh Exports Corporation, and Madhya Pradesh State Cloth Corporation. 11 corporations of Department of Commerce and Industry/Department of Village and Cottage Industry of undivided Madhya Pradesh to be closed and Chhattisgarh State Industrial Corporation Limited will be responsible for operating the activities of Madhya Pradesh Small Scale Industrial Corporation, Madhya Pradesh State Industrial Corporation and Madhya Pradesh Textiles Corporation. Due to above, the scope and area of operation of the corporation has become expanded. It provides
businesses with infrastructure such as land (open plot or built-up spaces), roads, water supply, drainage facilities and street lights.

In the pursuit of prosperity of Chhattisgarh, pioneering role is been played by the Chhattisgarh State Industrial Development Corporation Limited. One of the leading contributors to the well being and progress of the State of the State, Chhattisgarh State Industrial Development Corporation has been instrumental in bringing about a major change in the state and people in nearly a decade. The pioneering zeal of Chhattisgarh State Industrial Development Corporation has facilitated the transformation of Chhattisgarh from a primarily agrarian society to one of the most promising industrialized State of modern India.

Established in 2001, Chhattisgarh State Industrial Development Corporation is a Public Limited Company wholly owned by the Government of Chhattisgarh, set up as a catalyst for promoting and accelerating the pace of industrialization in the State. The corporation provides a wide spectrum of financial services under one roof – the concept being “Total Financial Support” for its clientele. Being an intrinsically customer – oriented organization, Chhattisgarh State Industrial Corporation has often gone beyond the call of duty in helping to give concrete shape to the destiny and vision of thousands of entrepreneurs. It has generally taken on the role of a trusted friend and guide, providing crucial support and most important of all, created an environment where nascent projects are able to attain their function and become vibrant industries.

The main work of the Corporation is promotion of industries, development and maintenance of industrial estates, supply of raw materials and assists in marketing of small scale industries.

**Objectives**

Main objects of Chhattisgarh State Industrial Development Corporation to be pursued on its incorporation is (According to Memorandum of Association of Chhattisgarh State Industrial Corporation p1-9):

1. To develop or to assist in the development of industrial growth centres/areas in the State of Chhattisgarh in general and for this purpose to take suitable steps to obtain/acquire land from Government or private sources and/or to arrange, coordinate the availability of all essential infrastructure input such as water, power, roads, etc

2. To promote, encourage and assist the establishment, growth and development of industries and industrialization in the State of Chhattisgarh in general and for that purpose to investigate and assess the possibilities of industrial development and to undertake and assist investigation of problems concerning any industry or concerning industrialization and to prepare or cause to be prepared project, statistical, engineering, survey and other reports useful to industrial enterprise and business and to undertake, promote or carry out either solely or jointly with the Government, local bodies or / and body corporate, co-operative bodies, association or individuals. The implementation of such project, statistical, engineering survey and other reports and to convene, hold and conduct meetings, seminars, discussions and conferences, and to undertake and promote research, including the establishment of laboratories and research centres.
3. To prepare, undertake and promote industrial schemes either solely or jointly with Government or any Corporation, Company, Association, Institution or Individuals for industrial development of Chhattisgarh and to secure the approval of the Government for the industrial schemes or enterprises to be sponsored or undertaken or promoted by the Company or by any other Company, Corporation, Institution, Association or Individuals.

4. To establish, encourage and take steps for procurement and establishment of public sector industrial projects of the Central or State Government in Chhattisgarh.

5. To encourage and take all steps to attract and invite entrepreneurs, industrialists, businessmen, promoters to promote, establish, undertake and carry on business and industrial projects and enterprises in the State of Chhattisgarh.

6. To encourage and promote participation of capital in industrial enterprises and investment market in Chhattisgarh.

7. To aid and advises in securing foreign exchange and foreign collaboration required for industrial projects set up or to be set up in Chhattisgarh and to correspondent and to make contact with the foreigners and take other steps to encourage and attract foreign collaboration and foreign investment in Chhattisgarh.

8. To purchase or otherwise acquire, issue, re-issue, sell, place, underwrite and deals in shares, stocks, bonds, debentures and securities of all kinds. To lend money or discount bills or indemnify or guarantee payment of money or amalgamate with other similar or allied objects.

9. To set up undertakings for generations, transmission and distribution of electricity and to construct, lie down, establish, fix and carry out all necessary power stations, cables, wires, lines, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity and light cities, towns, building, places, both public and private.

10. To carry on all types of selling and purchasing activities directly (both internal and external market on its own or as sales, purchase or commission agents and brokers) to act as service agents for providing services after sales and other technical services.

11. To act as selling agents, sales organizer, consultants, agents and advisors and in such capacity give advice and information and render services and to function as nodal agency for arranging supplies of commodities and articles to the various government and semi-government departments and undertaking of the Central Government or Government of Chhattisgarh. To carry on registration of manufacturers or suppliers of various commodities and articles with a view to enter into rate contracts for the requirements of commodities and articles by the State Government Departments/Undertaking and to set up warehousing facilities.

12. To promote housing project and engage in layout development, construct, develop, built, erect, in connection with any building schemes, road, highways, bridge, canals, railways, sidings, sanitary, electric light, telephone and power supply works or any other structural or architectural work of any kind and for such purpose to prepare estimate and design plans, specifications of models and do such other act that may be required therefore.
13. To engage in business of carrier of goods and passengers and to run public transport system in the State of Chhattisgarh.

14. To open, establish, manage and run marketing outlets and merchandise business of all sorts, whether wholesale or in retail or both and to establish, equip, manage and run chain stores, offices, shops and branches for the supply of provisions and all other articles.

15. To establish and run in any part in Chhattisgarh colleges, schools, institutes, technology-parks where general, scientific, commercial, engineering, information technology, management, or any other type education be imparted to the students orally or through post on such terms and conditions as may be laid down by the company from time to time.

16. To carry on the business of suppliers of cement, steels, iron, fuel, coke, wood, coal, timber, building materials, railway items, and to promote and develop sale of product manufactured by local artists and craftsman.

17. To organize and undertake international trade in such commodities and articles as the Government of Chhattisgarh and/or the Board of Directors of the Company may decide from time to time and to undertake the purchase, sale, barter and transport of such commodities and articles in India or anywhere in the world.

18. To undertake the promotion of exports, generally including exports to exciting markets whether of traditional commodities/articles or any other, to explore new markets for traditional items with a view to maintaining diversifying and expanding the export trade.

19. To set up and run hotels, amusement parks, tourists spots and entertainment parks and resorts in the State of Chhattisgarh.

20. To generally implement such special arrangements for import, export, processing, manufacturing and/or internal trade of particulars commodities and articles as the Government of Chhattisgarh may specify in public interest.

21. To assist such existing industries as may be referred to the Company by the State Government on such terms and conditions as may be agreed to and to apply for and procure licenses under the Industries (Development and Regulation) Act, for the establishment of new industries in the State of Chhattisgarh and to run Government factory’s existing in the State of Chhattisgarh and to function as nodal agency for managing various state government undertakings.

22. To enter into arrangement with private sector participation under BOOT (built on operate transfer) infrastructure projects, water projects, road, bridges, canals, technology parks and other related projects.

23. To get technical collaboration, preferably with foreign participation for infrastructure projects with private sectors.

24. To grant industrial loans to the small, medium and large industries in the State of Chhattisgarh and to participate in the share capital of industrial concerns.
25. To underwrite if though fit, fully or partly capital issues for industrial propositions in the State and to function as merchant banker for public issues of the Companies.

Objects incidental or ancillary to the attainment of main objects (According to Memorandum of Association of Chhattisgarh State Industrial Corporation, p4-6):

1. To carry on the business of an investment company for providing finance to industrial enterprises in Chhattisgarh whether for starting, running, expanding, modernizing, or otherwise howsoever;

2. To establish companies and associations for starting, taking over or conducting industrial enterprises of any description;

3. To sponsor and underwrite new issues of shares, debentures and other securities in which the industrial undertaking in the State of Chhattisgarh are directly or indirectly interested;

4. To give guarantees and carry on and transact every kind of guarantee and counter guarantee business and in particular to guarantee the payment of any principal moneys, interest or other moneys, secured by or payable under debentures, bonds, debenture-stock, mortgages, charges, contract, obligations and securities and the payment of dividends and the repayment of the capital of stocks and shares of all kind and also descriptions and also to guarantee and ensure the due payment, fulfillment and performance of contracts and obligations of any kind or nature;

5. To facilitate and encourage the creation of issue or conversion of debenture stock, bonds, obligations, shares, stock and securities to act as trustees in connection with any such securities and to take part in the conversion of business concerns and undertaking into companies;

6. To form, promote or organize and assist in forming, promoting and subsidizing, organizing or aiding companies, syndicates, partnership of all kinds for the purpose of acquiring and undertaking any properties and liabilities of this company or any other companies or of advancing directly or indirectly the object thereof or for any other purpose which the company may think expedient and to take or otherwise acquire, hold and dispose of shares, debentures and other securities in or of any such Company and to subsidise or otherwise assist any such company;

7. To prosecute and execute directly or by contributions or other assistance any such or any other works, undertakings, projects or enterprises, in which, or for the prosecution whereof, or on the security whereof of any profits or emoluments derivable there from, the company shall have invested money embarked capital or engaged its credit;

8. To acquire any shares, stocks, debentures, debenture-stock, bonds, obligations, or securities by original subscription, participation in syndicate, tender, purchase, exchange or otherwise, and to subscribe for the same either subscription thereof and to execute and enforce all rights and powers conferred by or incident to the ownership thereof;

9. To carry on any other trade or business whatsoever which can in the opinion of the company, be advantageously or conveniently carried on by the Company by way of
extension of or in connection with any such business as aforesaid or is calculated directly or indirectly to develop any branch of the company’s assets property or rights;

10. To undertake, manage, control or otherwise deal with the business and undertaking of any person, firm or corporation when it may be necessary for the purpose of protecting the interests of the Company, or for the purpose of protecting securities, realising open claims or carrying out any transaction or obligation which the company has entered upon;

11. To take part in the management, supervision in control of the business or operations of any undertakings, shares or other securities of which are held by the company or in which the company is otherwise interested, accountants or other experts or agents;

12. To sell or otherwise dispose off the undertaking of the company or any part thereof for such consideration as the company may think fit and in particular (but so not to restrict the generality of the foregoing) for shares, debentures, bonds or securities or obligations of any other company having objects altogether or in part similar to those of the company;

13. To subscribe or guarantee money for any national, charitable, benevolent, public, general or useful object or for any exhibition or to any institution, club, society of fund;

14. To provide the welfare of employees or ex-employees of the company and their dependants or connections of such person by building or contributing to the building of houses or dwellings, or by grants of money, pension, allowances, bonus, or other payments or by creating or from time to time subscribing or contributing to the provident fund and other associations, institutions, funds or trust and by providing or subscribing or contributing towards places of instructions and recreation, hospital and dispensaries, medical and other attendants, and other assistance as the company shall think fit;

15. To enter into any arrangements with any government or municipal, local or other authority and to procure from such government or authority any right, privileges, franchises, licenses, or concessions for any industrial enterprises, companies, corporations, firms, business, associations and to assist such industrial enterprises in carrying out, exercising and complying with any such arrangements rights, licenses, privileges, franchises, licenses, or concessions;

16. To assist in the establishment, promotion, management, organisation, all development of any corporation, company, syndicate, firm, partnership, enterprises, undertaking, cooperative bodies, and schemes or industry or assist in procuring capital credit and other aid for such corporation, company, syndicate, firm, partnership, enterprises, undertaking, cooperative bodies, and schemes or industry;

17. To train or cause to be trained in India or elsewhere and to provide, furnish or procure or assist in procuring for company, corporations, industries, undertakings, co-operatives, bodies, institutions and businesses, technical, professional, managerial, administration and executive, personnel and to render assistance and advice to such corporations, industries, undertakings, co-operatives, bodies, institutions, businesses, government or municipal or other local bodies in obtaining and procuring managerial,
technical, administrative, financial services and generally act as financial, industrial, management and planning consultants;

18. To conduct and make or cause to be conducted and made engineering and similar studies by geological, geophysical, geo-chemical and other methods for and in connection with the discovery, exploration and exploitations of natural resources of all kinds for and in connection with industrial, engineering, construction, forestry, land development and other projects and works of all kinds in particular for the rapid and orderly industrialisation of Chhattisgarh and in connection with the objects aforesaid to invent, develop, improve or cause to be invented, developed or improved and to acquire use, operate, dispose of or otherwise deal with or turn to account or cause to be turned to account any and all methods and processes for conducting surveys explorations and searches on and beneath the surfaces of the earth;

19. To publish journals, periodicals, reviews, pamphlets, reports, magazines, books, business forms, advertisements, maps, charts, engravings, posters, cards, pictures and illustrations on financial, technical, management, engineering and other matters useful or conductive to industrial progress and development;

20. To employ experts to investigate and examine into the conditions, prospects, value, character and circumstances of any business, industry or undertaking;

21. To provide and made available credit finance and capital through financial institutions, government, municipal and any other authorities to any company, corporation, institution, association, syndicates or undertakings engaged in industrial projects or enterprises in Chhattisgarh.

Other objects not included in “A” and “B” above (According to Memorandum of Association of Chhattisgarh State Industrial Corporation, p6-9):

1. To acquire by purchase, concession, exchange lease or otherwise and to construct, operate, hold and manage all buildings, works, factories, stores, shops, depots, foundaries, machine shops, engine houses and other structure and erections necessary or convenient for carrying on the business of the company and all other property, real or personal, necessary or useful for the carrying on of any of the purposes of the company (and to lease, sell, or otherwise dispose of the same);

2. To acquire the purchase, lease license or otherwise such land, surface rights and interest therein as may be conductive to any of the company’s objects;

3. Generally to purchasers take on lease, exchange, hire or otherwise acquire and to hold own, (sell, convey and deal in) any real or personal property or any rights or privileges’ which the company may think necessary or convenient with reference to any of the objects aforesaid and capable of being profitably dealt with in connection with any of the company’s property or right;

4. To obtain any act of parliament or to apply to the executive authority for any order for enabling the Company to carry any of its objects in to effect or for effecting any modification of the company’s constitution or for any other purpose which may seem expedient and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the Company’s interest;
5. Subject to the provisions of section 58 A of the Companies Act, 1956 and the rules made there under to borrow money, to make the issue promissory notes, bills of exchange, bonds, debentures and evidences of indebtedness of all kinds, whether secured by mortgage, pledge or otherwise, without limit as to amount, and to secured the same by mortgage, pledge or otherwise;

6. To borrow or raise or secure the payment money in such manner as the directors of the Company may think fit (including but so as not to restrict the generality of the foregoing) by mortgage, charge, hypothecation or pledge of or upon all or any of the company’s property, both present and future and also by the issue of bonds, debentures or other securities or obligations and to secure the same by mortgage or charge by way of a trust deed or otherwise, upon all or any of the Company’s property, both present or future, including its uncalled capital and to purchase, redeem or pay off any such bonds, debentures or securities or obligations and generally to mortgage, charge, hypothecate or pledge all or any of the Company’s property, both present and future;

7. To carry on any other business which may be capable of being conveniently carried on in connection with the Company’s business or calculated directly or indirectly to enhance the value of or render profitable any of the Company’s property or rights;

8. To construct, maintain and alter any buildings or works necessary or convenient for the purposes of the Company;

9. To distribute any of the property or assets of the Company in specie among the members;

10. To distribute among the shareholders of the Company in money, kind, specie or otherwise as may be resolved, by way of dividend, bonus or in any other manner deemed advisable any property of the Company, but no such distribution shall decrease the capital of the Company unless made in accordance with this Act;

11. Upon any issue of shares, bonds, debentures or other securities or obligations of the Company, to employ brokers, commission agents and underwriters and to provide for the remuneration of such persons for their services by payment in cash or with the approval shareholders, by the issue of shares, bonds, debentures or other securities or obligations of the Company or by the granting of options in respect thereof;

12. To ensure any officers, servants, or agents of the Company in respect of accident and of fidelity and for any other purpose incident to their employment and to pay any premiums on such insurance;

13. To invest and deal with moneys of the Company not immediately required for the objects of the Company in such manner as may from time to time may be determined;

14. To lend money to such persons, firms or corporations and on such terms as may seem expedient and in particular to customers and others having dealings with the company and to guarantee the performance of contracts by any such persons, firms or corporations;

15. To draw, make, accept, endorse, execute and issue promissory notes, bills of exchange, bills of landing, warrants and other negotiable or transferable instruments;

16. To pay out of the funds of the company all expenses of or incidental to the incorporation and organization of the company and to remunerate any person, firm or corporation for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any shares in the Company’s capital or any bonds, debentures or other securities or obligations of the company or otherwise of or
incidental to the formation or promotion of the Company or the conduct of each business;

17. To purchase or otherwise acquire, hold [sell or otherwise dispose of shares, bonds, debentures or other securities or obligations of any other corporation or company.

18. To purchase and acquire the whole or any part of the shares of any company carrying on a business similar to that which the company is authorised to carry on and to pay thereof, in fully paid up or partly paid up shares of the company or in the bonds, debentures or other securities or obligations of the company or otherwise, and so exercise the rights, powers and franchises of any company whose capital stock is owned by the company either in the name of such company or in the name of the company.

19. To remunerate any person, firms or corporation for services rendered or to be rendered in placing or assisting to place or sell or guaranteeing the place or selling of any of the shares in the Company’s capital or any bonds, debentures or other securities or obligations of the company, or about the formation or promotion of the Company or the conduct of its business;

20. To communicate with the Government, Chamber of Commerce, and other mercantile and public bodies in India and elsewhere and concert and promote measures for the protection and advancement of trade, industry and commerce and other facilities by making and submitting petitions, memorandum, applications, representations, correspondence and otherwise;

21. To lease, sell or otherwise dispose of the whole or any part of the property, real or personal, or of the business or undertaking of the Company to any person firm or corporation and to accept by way of consideration for any such sale, transfer or disposal any shares, debentures, bonds or other securities or obligations of any other Company carrying on a business in whole or in part similar to that Company;

22. To sell, improve, manage, develop, exchange, lease, mortgage, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the company;

23. To adopt such means of making known the business of the company or of any company in which this company is interested as may seem expedient and in particular by advertising in the press by circulars, by purchase and exhibition if works or art or interest, by publication of books and periodicals and by granting prizes, rewards and donations;

24. To do all or any of the above things and all such other things as are incidental or as may be thought conducive to the attainment of the above objects or any of them in any other part of the world either as principals, agents, trustees, contractors or otherwise and either alone or in conjunction with others and either by or through agents, contractors, trustees or otherwise and to do all such things as are incidental or conducive to the attainment of the above objects.
3.4.2 Reasons for Establishment of Chhattisgarh State Industrial Development Corporation

Undivided Madhya Pradesh was considered as an industrially backward state, low living standard of population, low per capita income, unemployment, poverty, insufficient infrastructure facilities, etc. All the above features under-development of Madhya Pradesh was inherited by the State of Chhattisgarh at the time of separation. After India got independence, the goals and objectives set out for the nation by Pandit Nehru on the eve of Independence, namely, the rapid agricultural and industrial development of our country, rapid expansion of opportunities for gainful employment, progressive reduction of social and economic disparities, removal of poverty and attainment of self-reliance remain as valid today as at the time Pandit Nehru first set them out before the nation. Any industrial policy must contribute to the realisation of these goals and objectives at an accelerated pace. The present statement of industrial policy is inspired by these very concerns, and represents a renewed initiative towards consolidating the gains of national reconstruction at this crucial stage.

In 1948, immediately after Independence, Government introduced the Industrial Policy Resolution. This outlined the approach to industrial growth and development. It emphasised the importance to the economy of securing a continuous increase in production and ensuring its equitable distribution. The Industrial Policy Resolution of 1948 was followed by the Industrial Policy Resolution of 1956 which had as its objective the acceleration of the rate of economic growth and the speeding up of industrialisation as a means of achieving a socialist pattern of society.

The various industrial policies and five year plans of the Central made Madhya Pradesh, one of the destinations for the industries and investments. Madhya Pradesh incorporated Madhya Pradesh Audhyogik Kendra Vikas Nigam at Bhopal, Indore, Gwalior, Jabalpur, Rewa and Raipur. Thus, the process of industrialization in Chhattisgarh began when it was a part of Madhya Pradesh. But, Chhattisgarh was not benefitted much as the Madhya Pradesh Audhyogik Kendra Vikas Nigam (Raipur) to Chhattisgarh State Industrial Development Corporation with nearly same aims and objectives.

Mineral resources are Chhattisgarh’s biggest strength. It has deposits of limestone, iron-ore, copper, rock phosphate, manganese, bauxite, coal, asbestos and mica. Chhattisgarh accounts for about 17 per cent of the nation’s coal reserves. The state also has proven diamond reserves along with potential gold reserves. The state offers a wide range of fiscal and policy incentives for businesses under its Industrial Policy, 2009. Additionally, the state has well-drafted policies for the IT/ITeS, minerals and energy sectors. Chhattisgarh is presently one of the few states that have surplus power. It is also among the few profitable states in terms of utility-based electricity. Presence of coal makes
Chhattisgarh an ideal location for setting up pit head-based thermal power plants for both, merchant sales and state consumption. The state has a high worker-participation rate (male and female) and most of the labour force is in the 15 to 39 age group. It also has one of the lowest losses in terms of man-days attributed to labour problems in the country.  

Mining

- Chhattisgarh is among the richest Indian states in terms of mineral wealth, with 28 varieties of major minerals including diamonds.
- The state holds a major share of coal deposits in India, which has led to its 'power hub' aspirations.
- It is the only state in India to have tin ore reserves.
- About one-sixth of the iron-ore in the country is mined in the state and one of the best-quality, iron-ore deposits in the world is found at the Bailadila mines in the South of Chhattisgarh from where it is exported to Japan and other countries.
- Rich deposits of bauxite, limestone, dolomite and corundum are also found in the state, making it the ideal location for the low-cost of production of end-products such as cement and aluminium.

(Source: Federation of Indian Mineral Industries, 2007-08 & India Brand Equity Foundation, prepared a report ICRA Management Consulting Services Limited (IMaCS) on Chhattisgarh, 2010 p49)

**Important mineral reserves in Chhattisgarh**

<table>
<thead>
<tr>
<th>Mineral</th>
<th>India</th>
<th>Chhattisgarh</th>
<th>Share in India’s reserves (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron-ore</td>
<td>14,630</td>
<td>2,731</td>
<td>18.7</td>
</tr>
<tr>
<td>Coal</td>
<td>253,302</td>
<td>41,442</td>
<td>16.4</td>
</tr>
<tr>
<td>Bauxite</td>
<td>3,290</td>
<td>148</td>
<td>4.5</td>
</tr>
<tr>
<td>Limestone</td>
<td>175,345</td>
<td>9,038</td>
<td>5.2</td>
</tr>
<tr>
<td>Dolomite</td>
<td>7,533</td>
<td>847</td>
<td>11.2</td>
</tr>
<tr>
<td>Tin ore</td>
<td>87</td>
<td>32</td>
<td>37.7</td>
</tr>
<tr>
<td>Quartzite</td>
<td>1,145</td>
<td>26</td>
<td>2.3</td>
</tr>
</tbody>
</table>

(Source: Mineral Resources Department, Government of Chhattisgarh as of 2007-08)

**Iron and Steel**

- The state is the iron and steel hub of the country. The BhilaiSteel Plant of Steel Authority of India Limited (SAIL) produces more than 4 million tonnes of iron and steel per annum. In addition, substantial capacities have been set up by the private sector.
- Chhattisgarh contributes 28 per cent of India's sponge iron production.
- The state ranks third among all the iron-ore producing states in India.
In 2007-08, the state produced around 31.6 million tonnes of iron-ore, amounting to approximately US$ 765 million.

(Source: Chhattisgarh State Industrial Development Corporation & & India Brand Equity Foundation, prepared a report ICRA Management Consulting Services Limited (IMaCS) on Chhattisgarh, 2010 p51)

Cement

- The state has a strong cement sector, owing to its large limestone reserves.
- The state has widely occurring limestone reserves that support a strong cement sector.
- Chhattisgarh accounts for around 5 per cent of the total limestone reserves in India.
- In 2008-09, the state produced 15.6 million tonnes of limestone, accounting for about 8.3 per cent of India’s production.
- The state has nine major and 12 minor cement units; a majority of the cement production units are concentrated in the Raipur area.

(Sources: Federation of Indian Mineral Industries, 2007-08, Chhattisgarh’s Directorate of Geology and Mines & India Brand Equity Foundation, prepared a report ICRA Management Consulting Services Limited (IMaCS) on Chhattisgarh, 2010 p55)

Food processing industry

- The state’s position as the “rice bowl of central India” and its reliance on agriculture has led to the identification of the food processing industry as a special-thrust industry.
- The Government of Chhattisgarh is setting up a food processing park in the state. The park will be located in district Rajnandgaon (65 km from Raipur) on 120 hectares of land. The project development is in full swing and is being implemented in the PPP mode by Ramky Infrastructure Limited. The park is expected to be fully functional by October 2014.

(Source: India Brand Equity Foundation, prepared a report ICRA Management Consulting Services Limited (IMaCS) on Chhattisgarh, 2010 p58.)

Herbal-medicinal industry

- Biodiversity, a dedicated biotechnology policy, and abundance of medicinal plants of over 1,500 varieties are some of the factors that make the state a natural destination for the herbal-medicinal industry.
- It has been proposed to develop a herbal-medicinal park at the Banjari and Bagaudh villages of Kurudh tehsil (30 km from Raipur) in Dhamtari, on about 154 acres of land. The project development cost of the park is estimated to be between US$ 6.09 million and US$ 8.53 million. The park will have about 500 units with a potential to attract an investment of about US$ 60.97 million. The projects will be implemented through the PPP mode and is being developed by RamkyInfrastructure Limited. It is expected to be completed by 2014.
Gems and Jewellery Industry

- Chhattisgarh is one of the richest mineral sources in the country, including precious minerals such as gold and diamonds. The state is projected to emerge as one of the 22 economical diamond mines in the world, once production commences.
- The state has received in-principle approval to establish a gems and jewellery special economic zone (SEZ) to carry out value addition within the state and attract new investments in the sector. The gems and jewellery SEZ will be developed on about 70 acres in NayaRaipur. Work is in progress and is expected to be completed by 2014. The estimated project cost is US$ 386.9 million.

(Source: India Brand Equity Foundation, prepared a report ICRA Management Consulting Services Limited (IMaCS) on Chhattisgarh, 2010 p60.)

Apparel Industry

- Chhattisgarh is one of the leading producers of tussar and kosasilks in the country and has the potential to be a strong player in the Indian apparel industry.
- The CSIDC is establishing an apparel park on about 20 hectares for the development of textile and textile-based industries and to attract new investment in the sector.

(Sources: Chhattisgarh State Industrial Development Corporation, Economic Survey, 2008-09 & India Brand Equity Foundation, prepared a report ICRA Management Consulting Services Limited (IMaCS) on Chhattisgarh, 2010 p61.)

Aluminium and Metal Industry

- Chhattisgarh’s rich mineral profile and the presence of large iron and steel players have prompted the state to develop the metals sector as a whole.
- Besides other large domestic and international iron and steel manufacturers, Bharat Aluminum Company Limited (BALCO) has a large plant in the state.
- The state plans to develop an aluminum park for downstream products at Bhanpuri near Raipur. It will house more than 100 industrial units to manufacture various aluminum/metal products required in the civil aviation, automobile and construction sectors.

(Source: Chhattisgarh State Industrial Development Corporation & India Brand Equity Foundation, prepared a report ICRA Management Consulting Services Limited (IMaCS) on Chhattisgarh, 2010 p62)

- Although Chhattisgarh is rich in terms of availability of mineral resources, it has been unable to exploit this natural advantage to spur industrial growth;
- Setting up Industrial Estates would go a long way in fuelling industrial growth, as properly designed and implemented Industrial Estates can attract small and medium scale value-added industries;
• Compared to States like Gujarat and Karnataka, which have about 200-300 Industrial Estates distributed across all the districts there are only seven Industrial Estates in the State;

• There are about 781 small-scale industries and 72 medium and large scale industries housed in these Industrial Estates. These Industrial Estates are managed by the Audyogik Kendra Vikas Nigam, Raipur, which is now part of Chhattisgarh State Industrial Development Corporation (CSIDC);

• There is scope for setting up more Industrial Estates in the State. To start with, these could be set up in the regions of Dantewada, Janjgir and Surguja where the mineral processing industries and downstream industries of iron, aluminium and cement could be targeted;

• The successful implementation of new industrial estate projects would critically depend upon factors such as detailed location analysis, a proper institutional framework, adaptation of the configuration and design of the industrial estate to local conditions;

• The private sector must be involved in developing these Industrial Estates to improve the commercial viability of the project – the Government must limit itself the policy making and regulatory roles.

Unique Features of Resources

• Richest State in mineral resources (rank 2nd in the country in Mineral production)
• World best Kimberlite pipes are available for diamonds
• With unique bio-diversity, richest storehouse of medicinal, aromatic and dye plants.
• Ranked third in 2004 and fourth in 2003 in attracting investment proposal (all India).
• Focal State for European Union (EU), Asian Development Bank (ADB) and Canadian International Development Agency (CIDA).
• Surplus energy generation. One of the few States in India having uninterrupted and quality power supply.
• Highest freight loading zone in India, contributing one-sixth of total revenues of Indian Railways.
• Guarantees quick Industrial approval backed by legislation, through the State Investment Promotion Board chaired by Chief Minister.

(Source: SWOT Analysis of State by Micro, Small and Medium Enterprises Development Institute, Raipur www.msmediraipur.gov.in/StateSWOT.html)
SWOT ANALYSIS ON RESOURCES

STRENGTHS -

• CG State is the agricultural state. Due to this, there is good scope for agro-based industries.
• Rich in Mineral wealth (CG State stood second in the country by producing minerals worth Rs. 4200 crore)
• The density of population is much lower than the country population density. Hence free land is available for industrialization.
• Abundant forest resources - Almost 44% of the area of the state is covered by forest. Ample scope for wooden and forest based industries.
• The state produces considerable quantities of horticultural products like, Mango, Papaya, etc
• Proximity of promotion agencies.
• Well-established Industrial Estates/development plots.
• Regular flights to metro cities.
• Visible presence of a series of opportunities in Dairy farming

WEAKNESS -

• Agriculture and Horticulture have not been effectively exploited.
• Non-farm activities have not been diversified
• Lack of industrial culture and procedural awareness
• Agriculture is the main activity of the State. The farmers are not interested in industrial activity.
• Technical Educational Facilities in the State is not well developed.
• The small land holding is very common due to family divisions. There is more number of marginal farmers. It is very uneconomical leading to increasing unemployment.
• The inadequacy of water conservation, storage and drawl systems precludes for most people and areas the possibility of a second crop
• Mining of the mineral is being done in a much unorganized non-commercial manner.

OPPORTUNITIES -

• Road Network - The 4 lines N H, which is passing through State, will open new opportunities
• Availability of highly skilled manpower will computer related activities such as software development.
• Scope for consumer products - CG is one of rich state of country because of the agriculture income and mining income. The purchasing power of people is very high and there is scope for production and marketing consumer products.

• Scope for packing materials - The packing materials required for major Industries are coming from other states. There is enough scope for setting up some packing material unit.

THREATS -

• There is increasing unemployment due to over dependability on agriculture, which is seasonal activity.

• Ecological Imbalance-There is the possibility of creating an ecological imbalance because of felling of trees, changing topography of the land, utilization of large quantity of ground water, digging of mines etc.

• Pollution-Creation of unacceptable levels of pollution in water, sound and air etc by the industries can be health hazard to living beings.

• High cost of living- The influx and migration of large work force may create pressures on land, housing and other facilities. Cost of land and construction cost of building may go up. The resulting high cost of living may be unbearable to the existing local people.

(Source: SWOT Analysis of State by Micro, Small and Medium Enterprises Development Institute, Raipur www.msmediraipur.gov.in/StateSWOT.html)

Present Industrial Structure

• Asia No. 1 BSP Steel Plant located in Chhattisgarh State.

• CG State is having 165 large & Medium Scale Industries. Due to this, there is ample scope for Ancillary industries.

• 28% of India’s sponge iron, 18% of cement industries, 16% of Coal reserves and 24.21% of India's total iron ore deposit reserves available in the State

• The State is having 61739 Registered and 2410 Unregistered SSI Units as on 2001-2002 Census.

• Visible presence of a series of opportunities in Dairy farming

• Many of SSI units are located in the rural area which facilitates the agro based economy of the State

• Country’s biggest Bauxite reserves available in the State

• Exclusive Tin reserves available in the State

• The rural sector needs more intervention from the government for sustainable industrial growth

• Proposed 40 Medium and large scale Industrial units’ construction with Rs 12,500 crore investments will give boost to new Small Scale Industrial opportunities.

• Agreements with 12 Industrial groups for Rs 5,470 crore investments.

• Proposed five more new industrial estates will give good opportunities
• Price preference to Small Scale Industries in Govt purchase
• Rich in Mineral wealth (CG State stood second in the country by producing minerals worth Rs. 4200 crore)
• Abundant forest resources: - Almost 44% of the area of the state is covered by forest. Ample scope for wooden and forest based industries.
• The state produces considerable quantities of horticultural products like, Mango, Papaya, etc
• Well established Industrial Estates/development plots.

(Source: SWOT Analysis of State by Micro, Small and Medium Enterprises Development Institute, Raipur www.msmediraipur.gov.in/StateSWOT.html)

**SWOT ANALYSIS ON PRESENT INDUSTRIAL STRUCTURE**

**STRENGTHS -**

- Chhattisgarh is an important player in coal sector
- CG State is famous for its Cement industries. 8 large industries accounting for around 20% of India’s cement production.
- State is the iron and steel hub of the Country. BSP alone produces over 4 million tonnes per annum of iron & steel
- 165 large and medium scale industries in the State
- 61,739 Registered SSI and 2410 unregistered SSI units, the total comes to 64149 as on 2001-02.
- General industrial climate is good for industrial growth.
- Most of the SSI units are perennial in the nature of operation. A few seasonal SSI units are present for agricultural production.
- There is a huge scope for industrialization in the State.
- Well established Industrial estates/development plots.
- Mostly the SSI units are located in the rural area which facilitates the agro based economy of the State.

**WEAKNESS -**

- The rural sector needs more intervention from the government for sustainable industrial growth.
- Employment generation in the State is very low
- Industrial estates need to be developed for better growth.
- Non-farm activities have not been diversified
- Lack of entrepreneurial talents and initiatives.
- Lack of industrial culture and procedural awareness.
- Agriculture is the main activity of the State. The farmers are not interested in industrial activity.
• Lack of traditional entrepreneurs in the State.
• Scarcity of primary raw material - Most of the primary raw material have to be brought from the other States since these items are not available locally. This has resulted in an increase in the cost of production and even some times in scarcity of raw these items.
• Poor R&D facilities

OPPORTUNITIES -
• New State advantage
• Location – logistic hub
• Twenty-eight Percent of India’s Sponge iron production comes from CG State
• Growth of industrial estates will encourage outside investments.
• Export related opportunities for food & Agro based and Biotechnology projects
• Abundant resources available for enormous industrial opportunities.
• KVIC sponsored units are being promoted in the State

THREATS
• Lack of export facilities may hamper exports.
• Poor water conservation may pose a problem for the future industrial set up
• Pollution - Creation of unacceptable levels of pollution in water, sound and air etc by the industries can be health hazard to living beings.
• If a proper investment climate is not provided, the capital might get diverted and get sunk in un-productive assets. This will cause capital squeeze for new projects. Also money will remain as deposits rather than put to productive purpose.

(Source: SWOT Analysis of State by Micro, Small and Medium Enterprises Development Institute, Raipur www.msmediraipur.gov.in/StateSWOT.htm)

3.4.3 Management and Operation

Chhattisgarh is an organization with a difference – service oriented and progressive in outlook, where the emphasis is on people – both outside – the customers – and inside the organization – the staff members. Chhattisgarh State Industrial Development Corporation recognizes the importance of its cardinal assets – “the Human Resources.” Today, Chhattisgarh State Industrial Development Corporation is a well-knit team of highly experienced financial experts, engineers, professionals, administrators and technicians. Chhattisgarh State Industrial Development Corporation comprises of very dedicated personnel, all of whom thrive on teamwork and a cohesive work spirit. Chhattisgarh State Industrial Development Corporation has evolved into a unique service organization where the top management supports the entire structure, which is very much is touch with grass-root level operations. The middle management is supported by the top management who in-turn support and guide the entire front line staff.

CSIDC is company registered under the Companies Act, 1956 and has its Corporate Office at Raipur. The organization of CSIDC is like Board of Directors,
Chairman, Managing Director and Executive Director. It has total 248 employees including 54 officers and 194 supporting staff.

**Cells/Sections**

- Industrial Promotion & Project Development
- Land Acquisition
- Technical
- Land Allotment
- Industrial Area Incharge - Urla, Siltara, Durg, Bilaspur
- Estate / Recovery
- Accounts / Budget / General
- Personnel & Administration
- Marketing
  - Testing Lab-Bhilai, Raw Material Depot-Bhilai,
  - Furniture Works-Abhanpur, Agriculture Implement Factory-Bhilai
  - Coal Cell-Bilaspur
  - Import-Export Promotion Section
  - Finance
  - Right to information / Public Grievance
  - Coordination
  - Protocol

Chhattisgarh State Industrial Development Corporation is a Company registered under the Companies Act, 1956. As per its Articles of Association (According to Article of Association of Chhattisgarh State Industrial Development Corporation p2-5), the norms of appointment and selection of various types of Directors is:

**Directors** – The number of directors shall not be less than two and not more than twelve but the number can be increased or decreased by the Government of Chhattisgarh subject to the provisions of the Act. The Directors shall be appointed by the Government of Chhattisgarh. The Chairman, Vice-Chairman may be appointed by the Government of Chhattisgarh provided that till such time the directors may choose any of them to be the Chairman.

The Directors shall not be required to retire by rotation. The Government of Chhattisgarh shall have the power to remove any Director at any time in its absolute discretion. With regard to the Directors nominated by the Government of Chhattisgarh the latter may at any time remove or dismiss any such Director from office and appoint another in his place.

**Alternate Directors** – The Board of Directors shall have power to appoint an alternate Director to act, for the original Director nominated by the Government of Chhattisgarh during the absence the latter from India for a period not less than 3 months.
The Directors appointed shall be paid such salary and allowances as may be determined by the Government of Chhattisgarh.

The Directors shall not be required to hold any qualification shares.

**Nominee Directors** – Notwithstanding anything to the contrary contained in the Articles of Association, so long as such institution hold share in the company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the financial institution on behalf of the Company remains outstanding, the financial institution shall have right to appoint, from time to time, any person or persons, as a Director or Directors, whole time or non-whole time, on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his/their places. Such Nominee Directors shall not be required to hold any qualification share and the Company shall have no power remove such Nominee Director from office. Such Nominee Director shall not be liable to retire by rotation. Subject as aforesaid, the Nominee Directors of the Company shall be entitled to the same rights and privileges and subject to the same obligations as any director of the Company.

**Managing Director / Board of Management** – The Government of Chhattisgarh shall appoint one of the Directors to be the Managing Director of the Company or shall appoint a Board of Management consisting of two or more directors for conduct or management of the Company subject to the control, direction and supervision of the Board of Directors. The Managing Director / Board of Management so appointed may be authorised by the Board of Directors to exercise such powers and discretion in relation to the affairs of the Company as are specially delegated to him/them by the Board of Directors of the Company or at the General Meeting under the Act.

The Managing Director shall be a whole time employee of the Company and shall be paid such salary and allowances as may be approved by the Government of Chhattisgarh.

**Additional Managing Director** – The Board of Directors may appoint any Government official functioning in the company as additional Managing Director for day to day conduct of the affairs of the company. The Additional Directors so appointed may be authorised by the Board of Directors to exercise such powers and discretion in relation to the affairs of the company as are specially delegated to him by the Board of Directors of the Company or at the General Meeting under the Act.

**Chairman** – The Government of Chhattisgarh may appoint the Chairman and Vice-Chairman of the Company. Such Chairman and Vice-Chairman shall be paid such remuneration/honoraria as may be approved by the Government of Chhattisgarh. If at any meeting the Chairman and Vice-Chairman both are not present within fifteen minutes after the time for holding the same the Directors present may choose one of them to be the Chairman of the meeting.

**Committee of Directors** – The Directors may delegate any of their powers to a Committee consisting of such member or members of their body as they think fit, and may from time to time revoke such delegation. Any committee so formed shall in the exercise of the powers to delegated, conform to any regulations that may be imposed upon them by
the Directors (The proceedings of such a Committee shall be placed before the Board of Directors at its next meeting).

Restrictions on powers of the Board of Directors – Subject to the provisions of the Act, the Chairman of the Board of Directors shall reserve for the approval at the Government of Chhattisgarh any proposal or decision of Board of Directors in respect of any of the following matter namely:

a. Any programme of capital expenditure exceeding Rs. 3 crores;
b. Creation of and appointment to all posts carrying basic pay beyond Rs. 20,000 per month.
c. Rules of the company governing the general conditions of services of the employees drawing basic pay exceeding Rs. 15,000 per month.
d. Sale, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company;
e. Formation of a Subsidiary Company / Companies;
f. Winding up of the company;
g. Any other matter which in the opinion of the Chairman be of such importance as to be reserved for the approval of the Government of Chhattisgarh. No action shall be taken by the company in respect of any proposal or decision of the Director reserved for the approval of Government of Chhattisgarh as aforesaid until his approval to the same has been obtained;
h. The Directors / Managing Director or any officers authorised by Managing Director may investment in any Nationalized / Schedule Bank or in such securities and deal with any of the money of the Company. Upon such investment being authorised by the Memorandum of Association of the Company (not being shares in this company) and in such manner as they may deem fit and from time to time vary or release such investment.

Functions of the Administrative Divisions

Managerial Division – The duties of the division are:

(a) To implement the admission policies of the sponsors;
(b) To enforce the restrictive covenants in lease agreements;
(c) To maintain the building and services on the estates;
(d) To arrange the payment of taxes and all charges that may be levied on the estate, and the wages of the estate employees;
(e) To collect rent and other dues from tenants;
(f) To be responsible for the general good order of the state.

Technical Division – This division of the administration is responsible for the common facilities, technical and training services that are provided;

(a) Operation of the central workshop and other common facilities;
(b) Operation of the plant hire scheme;
(c) Preparation of feasibility studies and project reports for tenant enterprises;
(d) Provision of marketing information;
(e) Organization of training schemes;
(f) Organization of exhibitions.

**Financial Division** – The functions of the division are:

(a) Either to provide direct loans to estate tenants or to guarantee loans extended to the tenants by commercial banks;
(b) To arrange bulk purchasing materials;
(c) To allocate scarce materials to estates enterprises.

It is not the duty of an estate administration to interfere in the running of individual enterprises on an estate. The manager of a small estate may be called upon to advise tenant entrepreneurs on almost any aspect of their business. The manager should be in position to do so. He should not be expected to provide all advice on the basis of his own experience, but he should be able to put a client in touch with the person or organization that can supply it.

(Source: Industrial Estates Principles and Practice by UNIDO 1997 p40-41)

The size and duties of the administration will depend on the services to be provided. The administration may have three divisions – managerial, technical and financial. On all estates, irrespective of size, there must be arrangements for carrying out the duties of the managerial division. In some countries, the estates are administered by a resident manager or superintendent, an officer of the sponsoring organisation. Whichever system is adopted, it is advisable that one organisation be responsible for all managerial functions.

The cost of administrating an estate must be borne by the tenants, by the sponsors or by jointly. Normally, it should fall on the tenants; otherwise they receive, in effect, a continuing subsidy. It is essential, therefore, that the cost of administration be kept as low as possible, consistent with the maintenance of the services needed. The largest component of the cost usually consists of salaries. It is sometimes argued that the administration should be carried out by an association of entrepreneurs occupying premises on the estate. So far as is known, the only instances of occupier administration occur in cooperative estates (private and government assisted). It is, however, desirable for an association of tenants and/or owners to cooperate in the administration.

As estate administration does not always carry out all functions that are technical and financial. Certainly, in absence of any other organization, the operation of central workshops, common service facilities and plant hire schemes would come under its aegis, if they are provided at all. All the duties listed can be carried out more conveniently by a separate organization – an extension services, small industries institutes or the like – catering to the whole small scale industrial sector. As indicted before, that common technical services are probably best managed by a private-sector entity.
3.4.4 Capital Structure

After, the Chhattisgarh State was formed as a separate state from Madhya Pradesh; it was felt that the State should have one and its own industrial development corporation instead of various corporations. Thus, Madhya Pradesh Audhyogik Kendra Vikas Nigam (Raipur) was converted into Chhattisgarh State Industrial Development Corporation Limited on 17th April, 2001 as a state level corporation.

The corporation was established under the Company Act, 1956 with a share capital of Rs. 10,00,00,000.00 (Rs. Ten Crore only) divided into 10,00,000 (ten lakh) equity shares of Rs. 100/- (Rs. One Hundred only) each with powers to increase or reduce the capital of the company and to divide the shares in the capital for the time being in to several classes and attach there to respectively such preferential, deferred, qualified or special right, privileges and conditions as may be determined in accordance with the Articles of Association of the Company and to very, modify or abrogate any such rights, privileges and conditions as may be for the time being provided by the Articles of Association of the Company.  

The Board of Directors of the Company shall have a right not to register any transfer shares on which the Company has lien. The Board may decline to register the transfer of a share not being fully paid-up to a person of whom they do not approve. So far as it concerns by share held by any person as a nominee of the Government of Chhattisgarh, the transfer of shares shall be made as per the directions of the Government of Chhattisgarh. The Government of Chhattisgarh may at any time serve the Company with a requisition to enforce the transfer of any such share.  

The issued, subscribed and paid up capital of Chhattisgarh State Industrial Development Corporation is Rs. 16,000,000 divided into 160,000 equity shares of Rs.100 each held by the Government of Chhattisgarh, as per its audited financial statement for the year ending 31st March, 2006. The Chhattisgarh State Industrial Development Corporation received Rs. 6,488,333 on division and a loan of Rs. 57,585 from Madhya Pradesh.  

There was no raising of capital through the issue of shares by the Chhattisgarh State Industrial Development Corporation from 2002-03 to 2005-06. But the Reserves and Surplus of the Corporation increased from Rs. 1641518.00 in 2002-03 to 212,787,036.00 in 2005-06 due to Capital Reserve which was created to write-off of Financial Institution.
The provision of secured loan was from the following sources:

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<tbody>
<tr>
<td>SLR Bonds (secured by State Government Guarantee)</td>
<td>0.00</td>
<td>458,296,125.00</td>
<td>421,021,125.00</td>
<td>319,926,501.00</td>
</tr>
<tr>
<td>Loans and Advances from Banks</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. BIGC Escrow A/c., IDBI Bhilai</td>
<td>3,894,888.00</td>
<td>4,869,221.00</td>
<td>2,041,898.00</td>
<td>3,692,172.00</td>
</tr>
<tr>
<td>ii. UCO Bank, Raipur</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>4,824,574.00</td>
</tr>
<tr>
<td>Other Loans and Advances (borrowings from SIDBI &amp; IDBI)</td>
<td>0.00</td>
<td>247,805,036.00</td>
<td>209,214,542.00</td>
<td>12,914,149.00</td>
</tr>
</tbody>
</table>

(Source: Audited Financial Statements of CSIDC, Raipur F.Y. 2003-04 to 2005-06)

The unsecured loan consists of Rs. 57,585.00 which is still exists and is carried forwarded since 2002-03 to 2005-06. CSIDC also took a a loan from Chhattisgarh State Government of Rs. 110,000,000.00 in the year 2005-06.62

The fixed assets of the Corporation increased from Rs. Rs. 4,786,304.00 to Rs. 10,934,894.00 from financial year 2002-03 to 2005-06 respectively, it consists of Plant and Machineries, Furniture, Fittings, and Office Equipments, Land Building, Electrical Installations, Tools, Cycle, Library Books, Vehicles, Computers, etc at Raipur, Abhanpur and Bhilai. CSIDC at the same time has made an investment of Rs. 5,771,300.00 since 2003-04 in other companies such as Premier Laminates Ltd. Raipur, Allianz Capital & Management Services New Delhi, Ritesh Polyster Ltd. Hyderabad and Parasrampuria Synthesis Ltd. New Delhi.63

The Corporation has a strong amount of cash and bank balances under various accounts which was Rs. 160,030,406.00 in 2002-03 and became Rs. 1,120,913,503.00 in 2005-06. The Corporation has provided loans and advances to various people which were Rs. 76,792,675.00 in 2002-03 in which loan and advances to employees contributing Rs. 5,783,689.00 having 7.53 per cent of share. In 2005-06, total loans and advances was Rs. 276,746,782.00 in which share of loans and advances to employees was 7,359,916.00 having 2.66 per cent of total loans and advances.64

The Corporation earned a profit of Rs. 1,641,518.00 in 2002-03 but had net loss of Rs. 59,411,583.00 in 2003-04 due to less receipts and heavy expenditure on purchases, salaries, administrative, selling and other expenses. The Corporation is not able to overcome the loss of 2003-04, as in 2004-05 and 2005-06 also the Corporation had to face net loss of Rs. 428,671,386.00 and 356,099,792.00 respectively. Thus, the profit position of Corporation is not sound.65
3.4.5 Role of Chhattisgarh State Industrial Development Corporation

Promotion of industrial parks was given a boost by the Government of India towards the end of the first five-year plan (1952-57) when the ‘Industrial Estates Development Program’ was initiated. The role of the Central Government in the establishment and upkeep of Industrial Estates in India has been mainly that of laying down the guidelines for the State Governments. The responsibility for the selection of sites, development of areas, construction of infrastructure facilities etc., has been the mandate of the State Governments. Subsequently, State Governments created undertakings like the State Industrial Development Corporation (SIDC) to execute this mandate.

The State Industrial Development Corporations were set up under the Companies Act, 1956, as wholly owned state government undertakings for promotion and development of medium and large industries. In addition to provision of financial assistance, they are also involved in developing industrial infrastructure like industrial estates, industrial parks and setting up industrial projects either on their own or in the joint sector in collaboration with private entrepreneurs or as wholly owned subsidiaries. SIDCs exist in all the States and have developed industrial infrastructure facilities to enable prospective entrepreneurs to set up their industries in the states. These corporations render technical assistance to the entrepreneurs in the formulation of the project reports and also provide common facilities in the industrial estates. These corporations provide loans and advances to the industrial units in the medium and large sectors charging interest depending upon the size of the loan.

Some of the roles of SIDCs include:

- Setting up infrastructure facilities to promote industrial growth by setting up industrial parks.
- Identifying and promoting industrial projects.
- Providing financial participation in terms of term loans and direct equity participation.
- Handling the operations of the industrial parks.
- Providing term finance to all small, medium and large industrial enterprises set up in state.
- Underwriting and directly subscribing to shares, and debentures of debentures of industrial enterprises being set up in the state.
- Preparing feasibility studies, conducting market surveys and motivating private entrepreneurs to set up their industrial ventures in the state.
- Collaborating with private entrepreneurs to set up industrial ventures in joint and assisted sector.
- Implementing scheme of ‘Industrial Development Bank of India’ of seed capital in the state.

Till date, in most States the State Industrial Development Corporation has been the sole promoting, investing, implementing and operating agency for industrial parks.
However, the need for private participation in setting up and operating industrial parks has been realised of late because of the:

- Worsening fiscal health of the State forcing the State Governments to reduce their investments in developing industrial infrastructure.
- Commercial unviability of many of the Industrial Estates promoted by the State.

Some critical lessons offered by various case studies described in this section include:

- Need for a specialised agency at the State level to lay down guidelines and operating parameters like IEAT in Thailand, JCT in Singapore and MIEL of Malaysia. This specialized agency (CSIDC) must be given full powers of all the departments for the industrial estates (either by statute or through amendments in relevant acts);
- The Industrial Estates must not be set up with the sole motive of inducing industrial growth in the backward regions;
- A profit motive must be brought into the entire exercise by the involvement of the private sector, thereby improving efficiency;
- The location of the estate and its design must be tailored to leverage the natural competitive advantage;
- Concessions to industries in the area in the form of fiscal and tax incentives to attract more units must be granted;
- The local Government must be involved. Their participation would considerably enhance the speed of setting up these estates by removing bottlenecks during the process of land acquisition and mobilising of resources during project implementation;

CSIDC plays the role of a regulator leaving the actual implementation of the project. It will be responsible for:

- Identification of potential sites for setting up Industrial Estates;
- Laying down policy, guidelines and operating parameters for the establishment of Industrial Estates by the private sector;
- Ensuring removal of regional imbalance;
- Ensuring that the policy guidelines are fair and equitable;
- Ensuring that bottlenecks in obtaining all the necessary approvals from the different Government agencies, acquisition of land etc. are removed;
- Scouting aggressively for promoters in the private sector who are willing to take a stake in the entire process of setting up and operating the Industrial Estates;
- Co-ordinating with other State Government departments to improve the quality of infrastructure in the State;
Ensuring that the different parties functioning along the specified policies and fulfill their commitments;
Addressing the grievances of the parties and also imposing penal mechanism;
The location of the estate and its design must be tailored to leverage the natural competitive advantage;
Concessions to industries in the area in the form of fiscal and tax incentives to attract more units must be granted;
The Government must be involved. Their participation would considerably enhance the speed of setting up these estates by removing bottlenecks during the process of land acquisition and mobilising of resources during project implementation;
To generate employment to the local habitants so that migration of labours reduces;
Maximum utilization and conservation of resources;
Development of industries of local importance and provides varied patterns of development.

Various Industrial Estates managed and controlled by Chhattisgarh State Industrial Development Corporation are:

**Established Estates** –

1. **Urla including Bhanpuri and Rawanbhatta** – It is situated on outskirts of Raipur city on the National Highway No. 200. It is spread over an area of approx. 700 hectares including Sarora, Sondongri, Gondwara, Gogaon. Land has been fully occupied. It has nearly 610 industries with an investment of Rs. 454.96 crores and employes more than 12000 workers.

2. **Siltara** – It is situated at 13 kms from Raipur on National Highway no. 200. Its nearest railway station is Mandhar on main line of Mumbai-Howrah. It is spread over an area of approx. 1185 hectares. It has nearly 87 industries with an investment of Rs. 2097.30 crores generating employment to over 5000 people.

3. **Borai** – Borai industrial estate is situated adjacent to the new Durg bye-pass of National highway – 6 at a distance of 9 kms from Durg. Nearest railway station is Rasmada (0.50 kms) on Mumbai-Howrah main line of south Eastern Railways. It is spread over an area of approx. 451 hectares. 74 industries are already established with a fixed investment of 338.30 crores providing employment to more than 2000 employees.

4. **Sirgitti** – Sirgitti industrial estate is situated on the outskirts of Bilaspur city on the National Highway No. 200. It is spread over an area of approx. 338 hectares having 324 industries already established generating employment to over 4000 workers with an investment of Rs. 465 crores.

5. **Tifra** – Tifra industrial estate is situated on the outskirts of Bilaspur city on the National highway No. 200. It is spread over an area of approx. 65 hectares having approx. government land 35.653 hectares and rest is private. Infrastructure development work in under progress and land allotment work is also under process.
6. **Anjani** – Anjani industrial area has been established after the formation of Chhattisgarh State. It is situated in the village Anjani (Pendra Road) of Bilaspur district. It is spread over an area of approx. 48 hectares. Nearly seven industries are established with an investment of Rs. 1.50 crores providing employment to nearly 112 persons.

7. **Birkoni** – Birkoni industrial estate is situated in the district of Mahasamund. This industrial estate is spread in an area of approx. 50 hectares where already eight industries have established making an investment of Rs. 16 crores but employment is provided to only 87 persons.

8. **Harinchhapra** – Harinchhapra is situated in the district of Kabirdham, spread in the area of 11 hectares. This industrial estate has five industrial estate with fixed investment of Rs. 1.45 crores providing employment to 105 people.

9. **Nayanpur-Girvarganj** – This industrial estate is situated in the district of Surguja. It extends over an area of approx. 24.06 hectares having 11 industries established with a fixed investment of approx. Rs. 10 crores providing employment to nearly 180 workers.

10. **Silpahari** – This industrial estate is established in the Bilaspur district in the approx. area of 134.42 hectares. The number of industries in this industrial estate is only 10 and their investment is 165 crores providing employment to 790 persons.

11. **Tilda** – Tilda industrial estate is a large industrial estate in the district of Raipur. Approx. 2502.561 hectares of land has been selected for this industrial estate. The government has already transferred 389.325 hectares of land for the development of large industrial estate.

**New Industrial Estates** -

1. **Metal Park** – Metal Park is to be established in Rawanbhatta. It is spread over an area of 80 hectares to be developed in two stages. In the first stage, the development work has started in the 46 hectares of government land. Plots will be available for the downstream metal (ferro and non-ferro). The infrastructure development work is nearly to completion. The cost of project is approx. Rs. 58 crores. The numbers of plots proposed are 136 ranging from 1000 sq. mtr to 10000 sq. mtr.

2. **Apparel Park** – Readymade garments in Raipur is a prospecting business. The wholesale market of Pandari (Raipur) supplies readymade garment to Orissa, Maharashtra, Jharkhand, etc. to provide a single roof for apparel associated activities and to give a boost to apparel industries an Apparel Park is constructed in approx. 4 hectares based on the concept of a multistoried building at Bhanpuri. The work of construction of this park in near to completion. Currently, the work of tow lifts are going on out of which one lift is for passengers while other one is for the movement of goods. The project also includes a common facility building, parking area and development of outer part of the building. This park is meant for the readymade garment manufacturing units. Applications for the allotment of 34 halls have been advertisement has been published in the newspapers ranging from 100 sq. mtr to 400 sq. mtr.
3. **Engineering Park** – This Park is proposed in Bhilai in approx. 121 hectares of area. This park is for the cluster development of engineering products. The process of conversion of land from residential to industrial has been forwarded to Town and Country Planning Department.

4. **Poly Park** – This Park is proposed in Tilda in the Raipur district in an area of approx. 36.740 hectares. This park will be for the development of cluster of polymer industries. The cost of the project is approx. Rs. 20.75 crores.

5. **Apparel Training and Designing Centre (ATDC)** – The Apparel Export Promotion Council, Government of India has established apparel and textile training and designing centre at Raipur, Bilaspur and Bhilai to meet the demand of skilled manpower in the field of apparel. Chhattisgarh State Industrial Development had provided building for the training and designing centre and State Government has given grant for the same. In this centres, training of tailoring, types, control, stitching, etc. of ready-made garments are being provided. More than 400 people have taken training out of which 250 trainee have got placement all over India.

6. **Food Processing Park** – This Park is proposed to be developed with public-private-partnership, for which an agreement has been executed between Chhattisgarh State Industrial Development Corporation on behalf of State Government and M/s. Ramky Infrastructure Ltd., Hyderabad. The facilities which will be available are like auditorium, canteen, fire station, medical facilities, logistic hubs, weight bridge, sub-station, cold storage, quality control laboratory and a R and D unit.

7. **Herbal and Medicinal Park** – Chhattisgarh has been bestowed with vast forest resources which accounts to 44% of total geographical area. It has been proposed to develop the Herbal and Medicinal Park in Bagaudh village of Kurud Tehsil which is 30 kms. From new capital Raipur City in Dhamtari on about 100 hectares of land. Forest products are more than one lakh tons in terms of volume and Rs. 575 crores are in terms of value. This project is also public-private partnership. The cost of this project is Rs. 25-35 crores approx.

8. **Gems and Jewellery Special Economic Zone** – The Government of Chhattisgarh is planning to establish a Gems and Jewellery Special Economic Zone (SEZ) to have value addition within the state and to attract new investment in this sector.

9. To meet increasing requirement of land for new industrial units, CSIDC is setting up four Mega Industrial Areas in Bilaspur, Raigarh and Raipur Districts spreading over 4740 hectares.

10. CSIDC is operating Quality Marking & Testing Laboratory in the State at Bhilai under its multi-activities services for Industrial promotion and development. The activity of testing facilities provided to SSI units is vital for upgradation of the quality of their products.

**Application and Procedure**

Application and Procedure for Allotment of Land – the process of allotment of land by the Chhattisgarh State Industrial Development Corporation is as follows:
1. CSIDC is allotting the plots, built-ups and sheds for establishing industries. Documents required for the allotment of land are:
   i. Application in prescribed format
   ii. Project profile in brief
   iii. Block plan for proposed construction
   iv. Process Fee
2. Issuance of Letter of Intent
3. Land Allotment Order
4. Submission of balance of premium
5. Execution of Agreement to Lease
6. Handing over Possession on receipt of balance of payment. The allottee is supposed to take over the possession immediately and execute the Agreement of Lease of CSIDC within 30 days (1 month) from the date of receipt of final payment.
7. The plots are allotted for –
   i. Small scale units
   ii. Medium scale units
   iii. Large scale units
8. Eligibility criteria for getting the land – The land are allotted to the following types of organization:
   i. Proprietary concern firm
   ii. Partnership concern firm
   iii. Private Limited Company
   iv. Public Limited Company
   v. Cooperative Societies
   vi. Public Trusts
   vii. Chief promoters of proposed private company
   viii. Chief promoters of proposed public company
   ix. Chief promoters of proposed partnership firm
   x. Chief promoters of proposed cooperative society
Rates
Premium Land Rates (Rs. Lakhs/Hectare)
1.  Urla, Bhanpuri, Siltara, Rawanbhatta, Amaseoni Raipur –
    For SSI  -  40.00
    For LMI  -  60.00
2.  Borai Durg –
    For SSI  -  40.00
    For LMI  -  60.00
3.  Tifra, Sirgitti, Bilaspur –
    For SSI  -  40.00
    For LMI  -  60.00
    For SSI  -  20.00
    For LMI  -  --

Premium Commercial Rate (Rs./Sq.mt) –
Raipur  (Urla, Bhanpuri, Siltara, Rawanbhatta, Amaseoni), Durg (Borai) and Bilaspur (Tifra, Sirgitti) – Rs. 1000.00
Birkoni (Distt Mahasamund), Nayanpur-Girvarganj (Distt., Sarguja) Harinchhapra (Distt. Kabirdham) – Nil

Street Light Charges – Rs. 10000.00 per hectare/year
Maintenance Charges – 2.5% of Premium / year
Lease Rent – 2.5% of Premium / year
Security Deposit – 3 years lease rent

Water Charges:
Urla, Bhanpuri, Siltara, Rawanbhatta, Amaseoni Raipur – Rs. 16 /1000 ltrs
Borai Durg – Rs. 21.75 / 1000 ltrs for large consumers and Rs. 17.25 / 1000 ltrs for small consumers (small consumers upto 40000 ltrs / day)
Tifra, Sirgitti, Bilaspur – Rs. 8 / 1000 ltrs
Birkoni (Distt Mahasamund), Nayanpur-girvarganj (Distt., Sarguja) Harinchhapra (Distt. Kabirdham) – NA
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