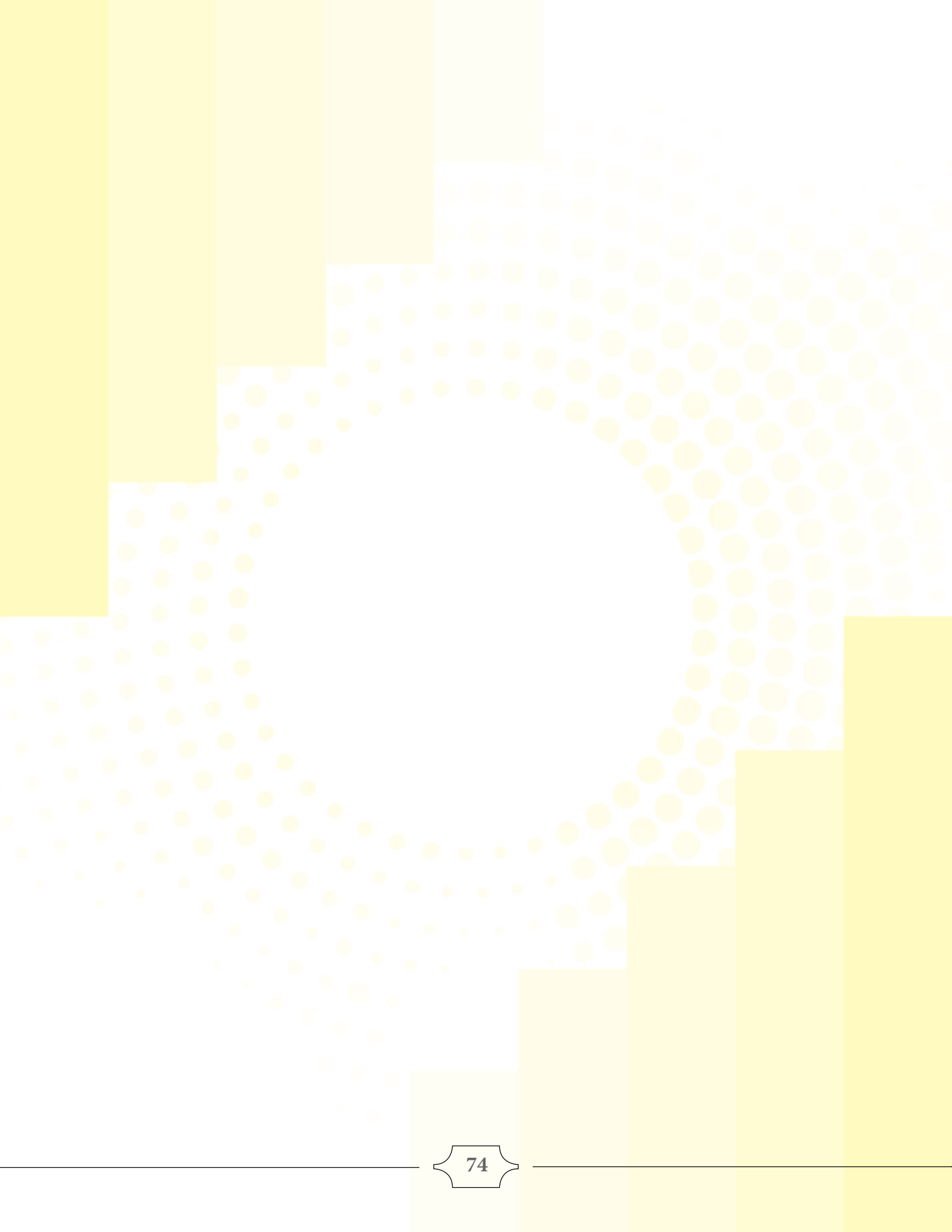


**Chapter - 5**

**Industry, MSME &  
Infrastructure**



## Chapter 5

# Industry, MSME & Infrastructure

The section sequentially deals with the status and initiatives of large Industries, MSME and traditional industries. It then discusses the infrastructure aspects of energy and water resources in the state.

### Macro perspective

The state is working diligently on ‘Atmanirbhar Madhya Pradesh Roadmap 2023’ released in 2020-21 for leveraging state’s potential into boosting socio economic growth. Manufacturing sector and Tourism play important role. Under Atmanirbhar Madhya Pradesh Roadmap, Government of Madhya Pradesh is focusing on scaling up industries; improving market linkages, developing infrastructure and streamlining the financial institutions for better access to credit, especially for the MSME sector; promoting sustainable and responsible tourism. Aim is to promote sustainable industrializations, to create decent employment opportunities and to encourage innovations through the “Vocal for Local” strategy.

The state has prioritised its policy reforms for creating employment opportunities, encouraging use of alternative sustainable solutions, attracting investment, promoting public private participation and deepening of business opportunities in rural areas.

To boost innovation-driven entrepreneurial culture and to inculcate the spirit of innovation, Government of Madhya Pradesh has launched ‘Madhya Pradesh Startup Policy 2022’. ‘Madhya Pradesh Mukhyamantri Udyam Kranti Yojana 2022’ was started for expanding MSME units and for increasing self-employment opportunities in the state. The State has come out with ‘Renewable Energy Policy 2022’ to harness the solar potential of the state for market initiative and alignment of Business ecosystem. ‘Scheme for Promotion of Ethanol and Bio-fuel Production 2021’ has been launched to encourage establishment of Ethanol Blending plants in Madhya Pradesh. For attracting investments, providing incentives and offering financial assistance to MSMEs, Government of Madhya Pradesh has devised ‘MSME Development Policy 2021’, ‘Industrial Promotion Policy 2021’. MSME Cluster Development Scheme guides Cluster development for MSMEs in the state. The State has rolled out ‘One District, One Product (ODOP)’ in all the districts of Madhya Pradesh with aims to help districts foster economic and socio-cultural growth, and create employment opportunities, especially in rural areas through focus to encourage agro-processing and market development.

Leveraging state’s geographic advantage, the State government has focused on multisectoral development by creating supportive infrastructure, conducive policy framework and operational reforms. Industry, MSME and Tourism sectors are discussed in subsequent section.

## 5.1 Industry

### 5.1.1 Policy initiatives

The state has devised future looking policies to steer the economy towards growth oriented sectors.

#### **Industrial promotion and attracting investment**

Scheme for Promotion of Ethanol and Bio-fuel Production 2021 has been launched to provide subsidy, concessions and incentives for setting up Ethanol Blending plants in Madhya Pradesh. Government of Madhya Pradesh intends to contribute in national target of 10% blending of fuel grade ethanol with petrol by 2022 and 20% by 2025. This scheme aims to deliver multiple outcomes such as attracting investments, addressing environmental concerns, conserving water, reducing import dependency and providing boost to agriculture sector.

**Industry Promotion Policy 2021** is effective for sustaining the investment climate. In the year 2021-22, an amount of Rs. 445.79 crore was sanctioned and disbursed under the facilitation and assistance provided in this Policy. Under this policy, periodic relaxations and incentives are provided for the expansion to mega level industrial units of food processing apparel manufacturing, biotechnology, herbal minor produce and IT sector (Administrative Report of DIPIP, 2021-22).

#### **Creating Business friendly environment**

Madhya Pradesh has successfully implemented business reforms related to Environmental Registration, Labour Registration, Obtaining Utility Permissions, Inspections Reforms, Access to Information & Transparency Enablers and Single Window System. Assessment of states for Business Reform Action Plan 2020 was released in June 2022 in which Madhya Pradesh was graded as 'Achievers'. (Assessment of states for Business Reform Action Plan , 2020)

Various online systems have been setup to assist investors in a transparent, time-bound and hassle-free manner. State Industrial Land Bank Portal, a GIS system for displaying the availability of land and infrastructure with details about all State-owned industrial estates along with the prevailing land rates, connectivity and utility infrastructure; Integrated New Venture Establishment INVEST for implementation, completion and monitoring of proposal of the industrial project, including approval and distribution of all facilities to the entity; Madhya Pradesh Single Window System, a one-stop portal for investors to digitally access all state related business approvals and apply for them as per their business requirements.

### 5.1.2 Snapshot of Industries

#### **Gross Value Added**

The Gross Value Added (GVA) by various economic activities of the secondary sector in the state economy is presented in Table 5.1.

**Table 5.1 : Gross value added by Economic Activity OF Secondary Sector at Current (2011-12) Prices**

(Amount in Rs. crore)

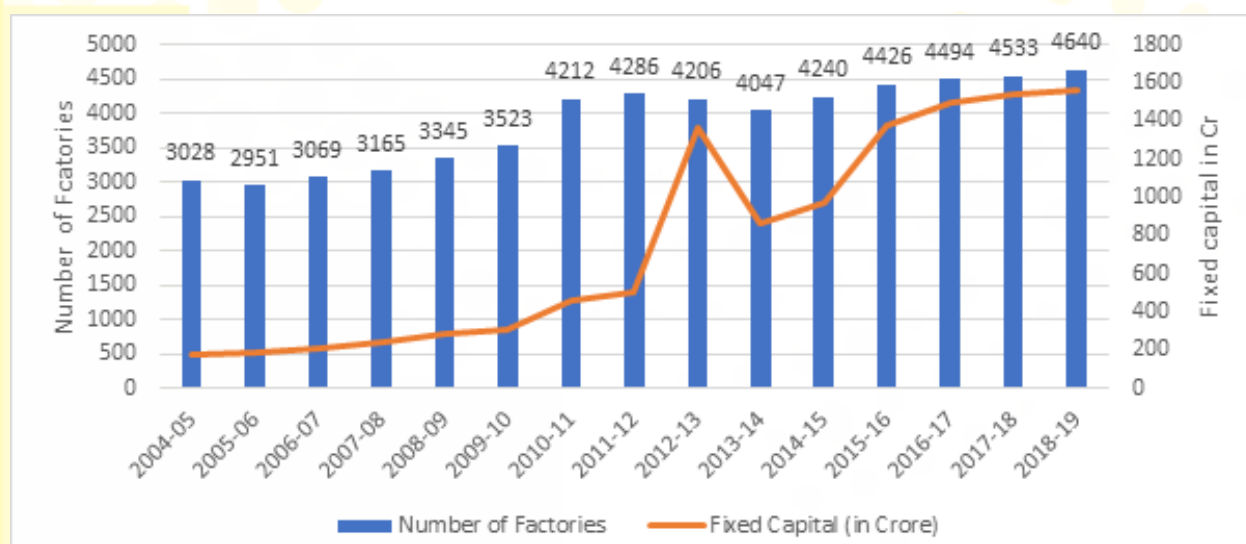
Economic Activity	2011-12	2015-16	2021-22 (Q)	2022-23 (A)
Manufacturing	38,286	51,912	89,986	1,00,019
Electricity, gas, water supply & other utility services	9,031	21,527	36,304	40,703
Construction	34,954	43,725	79,259	93,594
Secondary Sector	82,272	1,17,164	2,05,549	2,34,316

Source: (Directorate of Statistics and Economics, Government of Madhya Pradesh, 2023)

The above table indicates the increasing contributions of all activities in the secondary sector. In the year 2022-23, the Manufacturing sector has the highest contribution (42.69 percent) in the secondary sector, followed by the Construction sector (39.94 percent) and Electricity, gas, water supply & other utility services sector (17.37 percent). In the past decade, the Electricity, gas, water supply & other utility services sector has witnessed an average annual growth of 15.63 percent, while the construction sector has grown by 10.70 percent and the manufacturing sector has grown by 10.06 percent (Directorate of Statistics and Economics, Government of Madhya Pradesh, 2022).

### Number of factories and Fixed Capital

The growing number of factories represents the symbol of economic growth and productivity. Figure 5.1 presents the number of factories and invested fixed capital over a period of one and half decade in Madhya Pradesh. The trend of number of factories is continuously increasing and 16.34 percent growth has been observed in the period of six years (2004-05 to 2009-10). However, 13.27 percent decadal growth of the factory's growth has been observed.



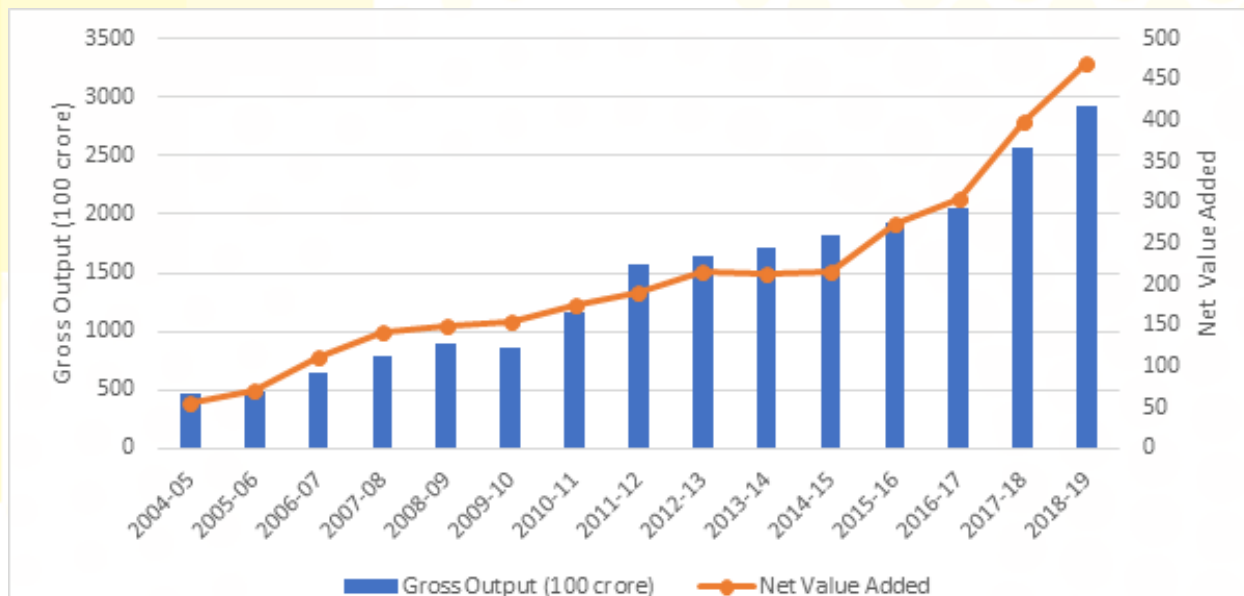
**Figure 5.1 : Number of factories and Fixed Capital**

Source: (Annual Survey of Industries, 2020)

The fixed capital investment is also showing increasing trend from 2004-05 to 2012-13. After 2013-14 the fixed capital growth is continuously increasing. The fixed capital value post 2014-15 show a remarkable increasing trend. This indicate towards more capital-intensive industry investing in the state. This trend indicates positive efforts of the state to attract large investments required for expanding the economy.

### Gross Output and Net Value Added in Factories

Gross output presents the values of all products manufactured by a firm. Figure No 5.2 present the trend of NVA and gross output of factories over a period 15 years.



**Figure 5.2 : Gross Output and Net Value Added in Factories**

Source: (Annual Survey of Industries, 2020)

The rapid increase of Net Value Added positively indicates faster industrialization of the economy. It signifies that the industries are able to capture a growing share of the economic value-added paradigm. In the global manufacturing processes, industries capturing higher value additions are usually considered for rapid future growth and higher profitability.

### 5.1.3 Infrastructure support for Industries

To ensure regional balance, Government of Madhya Pradesh is developing Bhopal, Gwalior, Indore, Jabalpur and Rewa as growth centres in the State. The State has notified 231 industrial areas (194 by MSME Department and 37 by DIPIP), six food parks, eight integrated development centres, three dry parks, one stone park, one Greenfield SEZ in Pithampur, four IT SEZs (one government Crystal IT Park in Indore and three privately operated SEZs-Infosys, TCS, and Impetus), and an apparel park in Indore (DIPIP Website). One multiple-purpose SEZ is proposed in Chhindwara. Indore is also going to have a gems and jewellery park to enhance the state’s diamond sector (Invest MP website). As per Report on ‘Madhya Pradesh Industrial Park Profiles & Land Bank’ by MPIDC of January 2023, the state’s industrial land bank provides for 73015 hectares for the Industrial Parks out of which 19011 hectares is developed land. There are 76 developed, 19 developing and 13 proposed land banks

parcels in across five growth centres Madhya Pradesh; maximum are located in Indore region. The state also has six major dry Inland Container Depots (ICDs) and it has created a total capacity of 240 lakh metric ton of warehousing. The state has surplus of power with installed capacity of 28,000 MW in the state. It has 900 MCM water of Narmada water reserved for industrial purpose.

Further, new Industrial parks are being planned to be developed by making Bhopal-Indore and Atal Progress-way a model of integrated economic development. Assessment of industrial development and investment potential of the proposed Atal Progress-way is in progress. In-principle approval has been given for the establishment of Medical Device Park in Madhya Pradesh at Vikram Udyogpuri Ujjain on 360 acres of land at a cost of Rs. 222.77 crore. 07 existing industrial areas namely Dewas-2 and 3, Pithampur Sector-1 and 2 and SEZ (Second Phase), Banmour District Morena, Pratapura District Niwadi, Khairitaigaon-Borgaon District Chhindwara, Lamtara District Katni and Food Park Babai District Hoshangabad have been upgraded at a cost of Rs. 95.08 crore. Apart from these, 09 existing industrial areas namely Jaggakhedi District Mandsaur, SEZ Phase-II Indore, Nimrani District Khargone, Electronic Complex Indore, Readymade Garment Complex Indore, Maksi District Shajapur, Siddhgawan District Sagar, Naugaon Bina District Sagar, IGC Maneri District Mandla are in process of upgradation (Administrative Report of DIPIP, 2021-22).

Further, the state is developing industrial corridor on the sides of Chambal Progress Way and Narmada Expressway. The state is part of the Delhi Mumbai Industrial Corridor (DMIC), which has established industrial and investment zones, including as Pithampur-Dhar-Mhow, Ratlam-Nagda, Shajapur-Dewas, and Neemach-Nayagaon. To encourage industrial growth and job possibilities, the state is constructing four investment corridors (Bhopal-Indore, Bhopal-Bina, Jabalpur-Katni-Satna-Singrauli and Morena-Gwalior-Shivpuri-Guna).

There are four major operational airports in the state in Bhopal, Indore, Gwalior, and Jabalpur. The Raja Bhoj Airport in Bhopal and Devi Ahilyabai Holkar Airport at Indore are the busiest airports in Madhya Pradesh. Air Cargo Terminal at Bhopal Airport has commenced its operations in January 2023. Bhopal, Indore, Jabalpur, Gwalior, Itarsi, Ratlam, Bina, Katni, etc, are the main railway stations. The state has around 20 major railway junctions.

## 5.2 MSME

### 5.2.1 Policy initiatives

**Madhya Pradesh Mukhyamantri Udyam Kranti Yojana 2022:** The scheme targets to provide collateral-free credit for self-employment. The interest subvention under the scheme is aimed to reduce the interest cost for the beneficiaries and increase the project viability. This mechanism aims to expand MSME units for increasing the self-employment opportunities in the state.

**Madhya Pradesh Startup Policy and Implementation Scheme 2022:** Government of Madhya Pradesh has launched 'Madhya Pradesh Startup Policy 2022' to establish Madhya Pradesh as a preferred destination for startups and incubators by enabling the ecosystem to support the entrepreneurial culture in the state. The State Government's approach is to institutionalise the culture of start-up through academic interventions at school and college level and to create an enabling ecosystem by connecting start-ups, investors, incubators and other stakeholders. Following interventions are made under the scheme for strengthening state's Startup ecosystem:

**Access to Market:** The Government of Madhya Pradesh passed a resolution in April 2018 to relax the criteria such as “Prior Turnover”, “Prior experience” and “Submission of EMD” to encourage startups to participate in the public procurement process.

**Funding Support:** As per Madhya Pradesh Startup Policy and Implementation Plan 2022, Madhya Pradesh Venture Finance Limited and Madhya Pradesh Venture Finance Trustee Limited have been merged with Madhya Pradesh Laghu Udyog Nigam so that a special venture capital fund can be created for funding support to startups. The initial target size of the fund is Rs. 100 crore. The State conducted startup investor connect programs viz. B-Next Foundation organised B-Next Smart City Hackathon 2.0 and Innonext Challenge 2020 to provide a platform for the startups to connect with private funds and investors. Madhya Pradesh Startup Policy and Implementation Plan 2022 has provisioned State Innovation Challenge with a special incentive of Rs. 1 crore, a separate startup centre in Bhopal and assistance for finance, project management, marketing and legal issues.

**Fostering Innovation and Entrepreneurship:** As on February 2023, there are 2597 startups registered in the State’s Startup Portal. This portal has been instrumental in easing the procedure of registration with comprehensive details available for startups. The State has conducted several programmes with HEIs to support budding student entrepreneurs. The programs included various webinars on topics like Industry Academia Innovation. The State has established an Entrepreneurship Development Cell (EDC) in various HEIs across the State for providing entrepreneurial support to emerging investable startups.

In State’s Startup Ranking issued by Department of Promotions of Industry and Internal Trade (DPIIT) of Government of India, Madhya Pradesh has improved its position from ‘Emerging Startup Ecosystem’ in 2019 to ‘Aspiring Leader’ in 2021 (National Report on States’ Startup Ranking, 2019, 2021). As on February 2023, there are 2787 DPIIT registered Startups from the Madhya Pradesh, out of which 1243 are Women-Led Startups. Some prominent startups from Madhya Pradesh are RTIwala, Swaaha, Appointy, WittyFeed and ShopKirana.

**MSME Development Policy 2021:** MSME Development Policy 2021 has been released by the state government to create employment, inclusive growth, create an active policy and regulatory environment, create opportunities for self-employment and achieve the scope of overall industrial development of the state through these. (Department of MSME, Government of Madhya Pradesh, 2023).

**One District One Product:** Under the “One District One Product scheme”, selected products from each district of the state are branded and promoted. Additionally, exposure visits to relevant units outside the state are being facilitated to manufacturers and entrepreneurs of selected products from districts. Purpose of the visit is to provide them with training from experts for quality improvement of the products. This has resulted rise in exports of selected products and in associated employment opportunities. For promotions, Miniachers of the selected products are displayed at railway stations, hotels of MP Tourism, and other important places of the state. There are a total of 38 unique products from 52 districts in Madhya Pradesh. In future, ODOP scheme is likely to convergence with schemes like ‘District as Export Hub’, ‘PM-FME’. (Department of MSME, Government of Madhya Pradesh, 2023).

## 5.2.2 Financial allocation

The Government of Madhya Pradesh intends to further strengthen the MSME ready



infrastructure through substantial budget allocation and investments. The total budget estimation for MSME department in the FY 2022-23 is Rs. 656.08 crore. Amount of Rs. 100 crore has been allocated to Mukhyamantri Udyam Kranti Yojana (MMUKY) which Government's key initiative for self-employment. Budgetary allocation in the major scheme is mentioned in Table 5.2.

**Table 5.2 : Details on Scheme Allocation of MSME Department**

(Amount in Rs. crore)

Particular	Actual 2020-2021	Actual 2021-22	Budget Estimates 2022-23
MSME Business Investment Promotion	110.65	393.13	289.00
Infrastructure Development of MSME	87.20	88.01	90.00
Cluster Development	25.00	36.40	40.00
Mukhyamantri Udyam Kranti Yojana (MMUKY)*	-	0.88	100.00
Others	258.42	272.54	137.08
Total	481.27	790.97	656.08

*Source: (Department of MSME, Government of Madhya Pradesh, 2023) \*MMUKY scheme has been started in January 2022.*

### 5.2.3 Snapshot of MSME

#### MSME Units and Employment Generation

The system of filing Udyog Aadhaar Memorandum was replaced with the system of enterprise registration on July 01, 2020. The registration of enterprises by the MSMEs of the state on the Udyam portal of the Government of India is mentioned in Table 5.3.

**Table 5.3 : Details of MSME registration in Udyam Portal**

Year	Number of Units
2020-21 (July 01, 2020 to March 31, 2021)	1,55,450
2021-22	2,46,513
2022-23 (January 31, 2023)	2,75,879

*Source: (Udyam Portal of Government of India, 2023)*

In 2020-21 (for period between July 01, 2020 to March 31, 2021), 1.5 lakh units were registered with potential employment of 13 lakh. As on January 31, 2023, total 2.7 lakh MSME units have been registered on the portal. These units have potential to generate 14.4 lakh jobs.

#### 5.2.4 Infrastructure support for MSMEs

Financial approval of Rs. 63.13 crore was given in FY 2021-22 (till November 2022) for developing infrastructure in the industrial areas / institutions established in the state. As of February 2023, 194 industrial areas have been notified by the MSME Department for MSMEs. Approval has been given to 22 clusters in the state. These 22 clusters are being developed on 380 hectares of land

in Indore, Neemuch, Rajgarh, Khandwa, Shivpuri, Burhanpur, Bhopal, Sehore, Raisen districts and about 1300 industrial units are expected to be set up and about Rs. 5,400 crore will be invested and will generate about 50,000 jobs. (MSME Department, 2023).

## 5.3 Traditional Industries

### 5.3.1 Khadi and Village Industries Development

#### Pradhan Mantri Employment Generation Program Scheme (PMEGP)

Under the plan, in the year 2020-21, the Khadi and Village Industries Commission has distributed Rs 35.89 crore margin money to 1199 units for setting up units in villages with a population of up to 20 thousand, which has provided employment to 12562 persons. Similarly, in the FY 2021-22, by the month of September 2021, 3366 persons have been supported employment with margin money incentive of Rs. 9.61 crore margin money in 337 units (Khadi and Village Industries Commission, 2022).

#### Khadi and village industries production

A total of 14 production centers of cotton khadi, poly cloth, silk khadi, woollen khadi and other village industries production are being operated at different places of Madhya Pradesh and total Rs. 9.32 crore was produced in the FY 2020-21. Due to this employment was provided to 548 spinners/ weavers. In the year 2021-22, production worth Rs. 1.68 crore was produced till September 2021 and employment has been provided to 533 spinning weavers. (Khadi and Village Industries Commission, 2022).

#### Sale of Khadi and Village Industries

In the FY 2020-21, 14 sales emporiums operating in the state sold Khadi and Village Industries items worth Rs. 11.10 crore. In the year 2021-22, till the month of September 2021, products worth Rs. 2.39 crore have been sold. (Khadi and Village Industries Commission, 2022)

### 5.3.2 Handloom

The handloom industry also provides employment to the weavers of the state while maintaining the heritage of production of traditional and artistic fabrics. In the FY 2022-23, till the month of September, 2022, according to the report of Karvi Sanstha, 16.30 thousand handlooms are functional in the state. Employment was provided to about 33.10 thousand weavers/artisans from the working looms.

In the FY 2021-22, financial assistance of Rs. 1.85 crore was provided under Integrated Cluster Development Programme, Kabir Bunkar Protsahan Yojana, Skill and Technical Development Scheme for Handloom and Handicraft Sector and Marketing Assistance Scheme, a total of 698 beneficiaries were benefitted and 06 Melas were organized.

In the FY 2022-23, under the Integrated Cluster Development Program Scheme, Marketing Assistance Scheme for Handloom and Handicraft Sectors, Skill and Technical Development Assistance Scheme and Kabir Weaver Award Scheme, a total amount of Rs. 1.04 crore was approved till the month of November 2022. A total of 231 beneficiaries were benefitted from the said assistance and two fairs were organized.

## **Marketing Assistance**

37 emporiums are being operated by the corporation to provide marketing assistance to artisans and weavers, out of which 13 are located outside the state. Crafts are sold by emporiums for direct market linkage by organizing exhibitions every year across the country. In the FY 2021-22, crafts and handloom garments worth Rs. 12.73 crore were sold through these emporiums. For direct market linkage, exhibitions/emporiums were organized in the FY 2021-22, in which an amount of Rs. 16.46 crore was sold.

## **Government supply**

In the FY 2020-21 till March 2021, garments worth Rs 10.39 crore were supplied to government departments. In the FY 2021-22 garments worth Rs. 9.78 crore has been supplied, for which 765 looms were involved and 1.42 lakh man days were created.

## **5.3.3 Sericulture**

The main objective of agro-forestry-based sericulture is to provide means of profitable employment to the villagers in the village itself, so that they can earn their livelihood smoothly. Also, providing an alternative means of employment to women is to strengthen their economic self-reliance. The schemes of silk industry are mainly being implemented for scheduled castes, scheduled tribes and economically weaker sections. Presently the activities of silk industry are being conducted in 44 districts.

Till March 2021, 3.21 lakh kg of Mulberry cocoon and 52.48 lakh pieces of Tussar cocoon had been produced, benefiting 4424 beneficiaries. In this period, 9.60 hectares of area was planted by private sector under Mulberry plantation while 20 hectares of area was planted at self-reliance centres.

Till March 2022, 2.72 lakh kg of Mulberry cocoon and 19.85 lakh pieces of Tussar cocoon had been produced, benefiting 3507 beneficiaries. In this period, 65.2 hectares of area was planted by private sector under Mulberry plantation while 91.60 hectares of area was planted at self-reliance centres i.e. Mulberry plantation has been done in total area of 156 hectares. Till September, 2022-23, 0.31 lakh kg mulberry cocoon and 2.46 lakh pieces of tussar cocoon have been produced.

E-silk portal has been prepared by the Silk Directorate to make the selection and registration process of farmers transparent and to make accounting and supervision effective. 1751 farmers were registered in the FY 2020-21 and 1548 new farmers were registered in the FY 2021-22. Rs 2.28 crore has been paid for planting saplings on the land of 268 beneficiaries. (Directorate of Sericulture of Madhya Pradesh, 2022)

## **5.4 Tourism**

Protected forest areas and wildlife, historical buildings, temples and places of religious importance are the main centres of tourism attraction in Madhya Pradesh. The state government attaches utmost importance to this sector in view of the immense possibilities of strengthening livelihoods at the local level through tourism. Due to the policy initiatives of the Department, the number of tourists for religious tourist places has increased by 122% in the year 2022 as compared to the year 2021 and the number of tourists for non-religious tourist places increased by 58% in the year 2022.