

# Inviting Crisis\*

**Facts behind Investor's Meet  
in Madhya Pradesh verify**

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\* This paper has been prepared by Aparajita Vijayawargiya and Rolly Shivhare under Vikas Samvad's Infopack and Research Initiative to check the reality of investments claims by the Government of Madhya Pradesh, also to verify the magnitude of transfer of land and other public resources for industries in Madhya Pradesh. The data and information used for the analysis in this paper was obtained under Right to Information Act and through available documents on the website of Trade and Investment Facilitation Corporation (TRIFAC).

# Madhya Pradesh Inviting Crisis

## Facts behind Investor's Meet in Madhya Pradesh

Bundelkhand and Baghelkhand region of Madhya Pradesh is facing crisis of drought since last ten years and thus majority of the population of these regions are forced to migrate from their homes in search of employment or elderly people leave to die with hunger and our Hon. Chief Minister is inviting industrialists to establish plants in Madhya Pradesh. According to Hon. Chief Minister of Madhya Pradesh, "M.P. is endowed with a pool of natural resources and gifted with diligent and an amicable populace. Bestowed with such "positive parameters", Madhya Pradesh can become an emulative role model by emerging as one of the most progressive economical hub of the country. We extend our hand towards ameliorating the problems of the people and making the state economically robust." If this is the reality why populace of Bundelkhand and Baghelkhand are migrating?

With the motto of development of industries in Madhya Pradesh, Industrial Promotion policy 2004 was developed by M.P. based industrialists, various industries trade and industry associations. This policy document accelerated the rapid industrialization in Madhya Pradesh. This new policy vision was also appreciated by Industrialist in India & Federation of Indian Chambers of Commerce & Industry (FICCI) and offered to be a partner in this endeavor. According to this policy an Industry Development Council have to be developed under the chairmanship of Chief Minister, a Trade and Investment Facilitation Corporation (TRIFAC) have also been constituted and an empowered committee for single window clearance will also be created.

To promote total economic development of Madhya Pradesh Ernst & Young and FICCI prepared a report on possibilities of various sectors of investment like Agriculture, Industry, Infrastructure & services sector in Madhya Pradesh.

The MOU between FICCI & TRIFAC was put into operation on 4<sup>th</sup> August 2006 at FICCI home New Delhi. The Hon. Chief Minister Mr. Shivraj Singh Chauhan invited the galaxy of industrialists to invest in Madhya Pradesh, after assessing its true potential opportunities.

To attract NRI Investors, an Investor's Meet was organised on 16<sup>th</sup> & 17<sup>th</sup> January 2007 at Khajuraho, 27 MOUs were signed for various projects at Khajuraho. About 36 NRIs participated in the event.

Madhya Pradesh Government is aggressively marketing the skills and strength of the State. For this Madhya Pradesh Trade & Investment Facilitation Corporation has organised road shows & interactive meets at New Delhi, Singapore, Kuala Lumpur, London, Los Angeles, San Jose, St. Louis & New York.

After this some Investor's meets were also organized at major cities of MP. The details of these meets and the MOU signed during the various investors meets<sup>1</sup> are as follows:

S. No.	Place and Date	No. of MOU signed	Amount of MOUs
1.	Khajuraho Meet – 15-16 Jan. 2007	18 MOU	39000.00 Crores
2	Indore Global Meet-26-27 Oct. 2007	102 MOU	120541.00 –“-
3	Jabalpur Meet- 15-16 Feb. 2008	61 MOU	59129.00 –“-
4	Sagar Investor Meet- 11 April 2008	36 MOU	30698.00 –“-
5	Gwalior Investor Meet- 29-30 July 2008	62 MOU	88018.00 –“-
6	Bina Refinery & Hindalco May 05	02 MOU	18078.00 –“-
7	MOU Signed in Foreign Countries	19 MOU	1100.00 –“-
8	Others (Energy)	13 MOU	58377.00 –“-
9	Others (Bhopal)	07 MOU	9157.00 –“-
	<b>Total</b>	<b>320 MOU</b>	<b>424098.00 –“-</b>

To analyze the status of these investments proposed in MP copy of all MOUs were asked from TRIFAC through RTI and after many efforts and appeals we got success in getting these MOUs. When we analyzed the establishment of companies it was found that majority of the companies interested to invest in MP are already established in Madhya Pradesh. Thus envisage of being attracting companies from outside the state has not been achieved.

<sup>1</sup> <http://mpnricentre.nic.in/invest-scenario.htm>, Status report as upto 10.5.2010 accessed on 25<sup>th</sup> June 2010.

S. No.	Place	Investors meet								Total
		Indore	Jabalpur	Bhopal	Gwalior	Sagar	Khajuraho	Others	Oversees	
<b>India</b>										
1.	Madhya Pradesh	28	17		12	8	2	2		71
2.	New Delhi	14	7	3	16	3	9	1		53
3.	Maharashtra	22	11	5	8	5		1		52
4.	West Bengal	4	12	2	7	12		3		40
5.	Uttar Pradesh	3	1	4	4	1				13
6.	Andhra Pradesh	5		2	3		1	1		12
7.	Gujarat	4	3	1	2	1				11
8.	Rajasthan	2	1			3				6
9.	Karnataka	2	1		2			1		6
10.	Haryana	1			2	1				4
11.	Chhattisgarh		1	1	1	1				4
12.	Tamilnadu	1	1							2
13.	Punjab				1		1			2
14.	Orissa		1							1
15.	Meghalaya					1				1
16.	Assam							1		1
17.	Others	13	4				1			18
<b>Oversees</b>										
18.	United States								7	7
19.	United Kingdom	1							4	5
20.	Singapore								3	3
21.	UAE								3	3
22.	Malaysia								2	2
23.	Italy	1								1
24.	Belgium								1	1
25.	Australia				1					1

In MOUs 18 companies had not decided the place of investment so these are considered as others in above table.

These MOUs and their proposed investment has also been analysed and according to investors meet it was found that some of the Investors had not disclosed their amount of investment as well (Majority in cases of Oversees MOUs). Following table is showing investors meet wise investment promised in MOUs:

S. No.	Place and Date	No. of MOU signed	No. of MOU cancelled	Mentioned amount of investment	Amount of MOUs (in Crore Rs.)	Amount of cancelled MOUs (in Crore Rs.)
1.	Khajuraho Meet – 15-16 Jan. 2007	18	-	18	29013.00	-
2	Indore Global Meet-26-27 Oct. 2007	102	13	97	147133.00	5958.00
3	Jabalpur Meet- 15-16 Feb. 2008	61	8	61	56990.48	5126.10
4	Sagar Investor Meet- 11 April 2008	36	4	36	30367.71	5426.00
5	Gwalior Investor Meet- 29-30 July 2008	58	2	57	104554.70	710.00
6	Bina Refinery & Hindalco May 05	02	-	2	30378.00	-
7	MOU Signed in Foreign Countries	19	-	3	1075.00	-
8	Others (Energy)	9	-	9	46923.00	-
9	Others (Bhopal)	17	-	17	95176.00	
	<b>Total</b>	<b>323</b>	<b>27</b>	<b>301</b>	<b>541610.89</b>	<b>17220.00</b>

We had analyzed 323 MOUs and out of these 22 investors had not disclosed their amount of investment while some of the Investors had either reduced or increased their amount of investment. 27 investors either withdrawn their projects or rejected by Government due to some reason or few of them went out in land selection/allotment process. The total amount which has to be invested in MP is Rs. 541610.89 Crores out of which projects of Rs. 17220.00 Crores are cancelled after this also Rs. 524390.89 will be invested in the state. Although it is a good sign but our state government does not have land for allotment to displaced persons of various projects

of dams, forest conservation, sanctuaries, and other urban projects. But government is allotting huge lands for these projects. Details of which are as follows:

- ◆ Till 10<sup>th</sup> May 2010 out of 320 companies 130 companies had acquired land.
- ◆ Total land acquired by these 130 companies is 243787.558 hectares (602409.707 Acres).
- ◆ Govt. has allotted 49704.81 hectare land of his own revenue.
- ◆ Out of this 49704.81 hectare 12487.719 hectare is forest land while for some land Collectors of respective district are in confusion whether the land is revenue or forest land. Thus they are further inquiry is under process.
- ◆ Other than Govt. land companies has also acquired 194082.748 hectare private land.

#### Land acquisition by Investors

S. No.	Place of MOU	No. of MOU signed	No. of companies to whom land is being allotted	Land Allotted (in hectares)	Govt. land	Forest Land (in hectares)	Pvt. Land acquired
1.	Khajuraho	15	10	5173.025	2433.338	34.98	2739.687
2	Indore	102	49	171477.053	22515.465	-**	148961.588
3	Jabalpur	61	29	24116.474	21449.262	3095.859	2667.212
4	Sagar	36	14	8980.044	329.24	329.24	8650.804
5	Gwalior	58	10	14547.79	10683.080	9027.64***	3864.71
6	Bina Refinery & Hindalco	02	2	2384.232	936.62**** 233.917		1213.695
7	MOU Signed in Foreign Countries	19	2	22.188	-	-	22.188
8	Others (Energy)	9	4	2076.082	-	-**	2076.082
9	Others (Bhopal)	18	10	15010.67	12573.15	-**	2437.52
	<b>Total</b>	<b>320</b>	<b>130</b>	<b>243787.558</b>	<b>49704.81</b>	<b>12487.719</b>	<b>194082.748</b>

\*\* - In all of these some forest lands are provided to investors but area is not mentioned

\*\*\* - To one company and in case of other 2 companies size of forest land acquired was not mentioned in status report

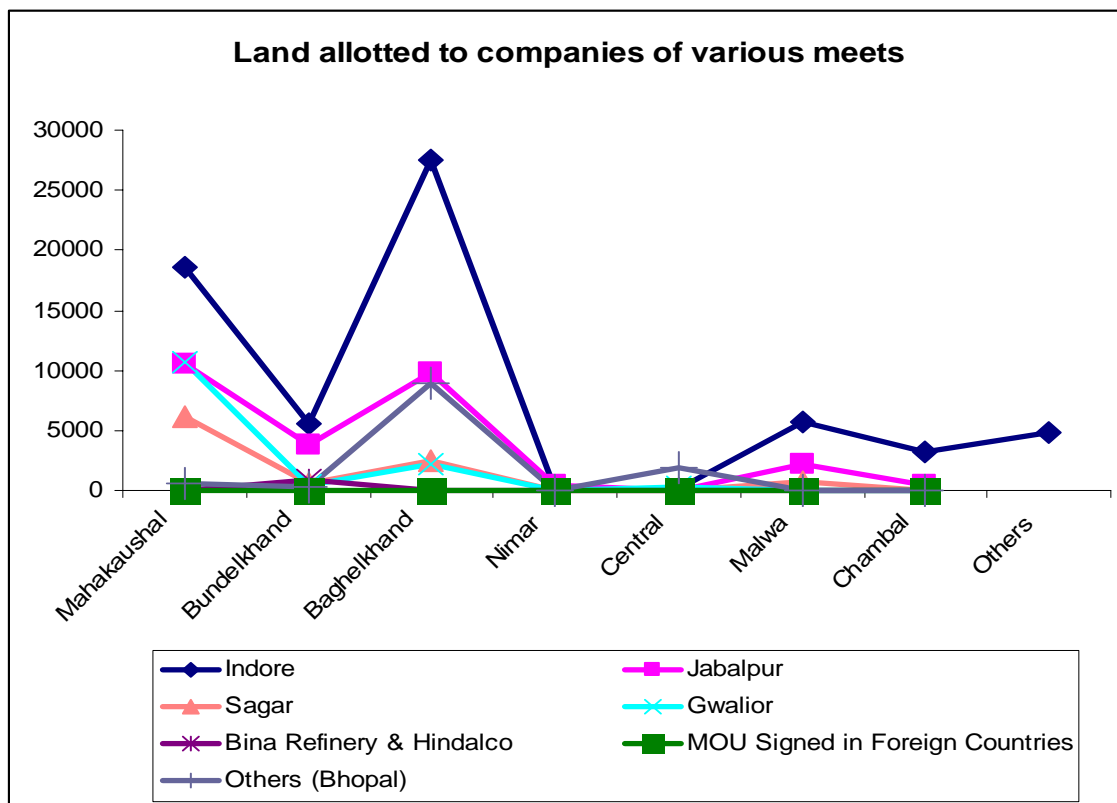
\*\*\*\* - Govt. provided land to Bharat Oman company for Bina refineries 774.940 hectare land @Rs. 1914.85 per annum and 161.68 on one time payment of Rs. 25\*4.

When we convert Govt. land (49704.81 hectares) in acres, land allotted to the companies is 122822.757Acres. A family requires almost 5 acres of land for their adequate livelihood. Thus by calculating it accordingly 24,565 families can be settled on this land. This is the figure of only about one third companies and when all the companies has allotted land what will be the number. Major findings regarding land acquisition are as follows:

**Region wise land allotted to companies\*\*\*\*\***

Meer	Mahakaushal	Bundelkh and	Baghelkh and	Nimar	Central	Malwa	Chambal	Others	Total
Indore	18523.391	5604.14	27519.06	161.88	114.243	105742.4	3171.3	4775.5	165611.9
Jabalpur	10566.766	3786.254	9859.112	416.323	8.094	2231	455.3		27322.85
Sagar	6190.345	610.583	2516.896	0	0	735	0		10052.82
Gwalior	10730.64	410.901	2183.353	0	328.588	0	0		13653.48
Bina Refinery & Hindalco	0	936.62	0	0	0	0	0		936.62
MOU Signed in Foreign Countries	0	0	0	0	0	22.188	0		22.188
Others (Bhopal)	530.11	224.68	8923.026	0	1945.005	0	0		11622.82
Total	46541.252	11573.18	51001.45	578.203	2395.93	108730.6	3626.6	4775.5	229222.7

\*\*\*\*\* - Land allotted to rejected/cancelled projects is not included.



In Malwa region 1,00,000 hectares land is not displayed in chart as it is the highest size of land allotted to a company Saurash Dairy Products Pvt. Ltd. Mumbai for Jetropha Plantation and bio diesel at Shajapur district.

In many cases name of the place mentioned in signed MOU is other than the site where land is allotted. The details of these are also displayed in table below:

S. No.	Place of MOU	No. of MOU signed	No. of companies stated place of implementation	No. of companies those changed place
1.	Khajuraho	15	0	0
2	Indore	102	72	12
3	Jabalpur	61	55	18
4	Sagar	36	32	6
5	Gwalior	58	53	5
6	Bina Refinery & Hindalco	02	0	0
7	MOU Signed in Foreign Countries	19	11	0
8	Others (Energy)	9	8	0
9	Others (Bhopal)	18	16	5
	<b>Total</b>	<b>320</b>	<b>247</b>	<b>46</b>

Out of 320 contracts made so far 247 companies had stated their place of project while signing of MOU i.e., 22.8% companies were not firm about their project at the time of signing of MOUs. Out of these 247 companies 18.6% companies had either changed or added other districts also with their proposed place.

Madhya Pradesh is already facing shortage of electricity and water but in lack of water and coal how they will generate electricity and before production they needed a lot of electricity at their construction sites. Development of Madhya Pradesh will be kept aside and the companies will fill their own pockets. For such a large establishment they also need plenty of water and only few of them had made arrangement for their water availability.

What measures these companies will take to reduce environmental pollution and waste disposal. This is not mentioned in any of the MOUs.

All the MOUs signed at different Meets should be uniform but after analysis it was found that Govt. had made some promises to investors of one meet whereas investors of other meet were promised for other matters. Few of these are

1. Assuring required infrastructure, facilities, incentives, concessions and all necessary clearances from single window system
2. Investors should obtain necessary and clearances and concessions from State Govt.
3. Concessions/waivers requested by the investors would be placed before Apex Level Investment Promotion Empowerment Committee of the State Govt. for consideration.

In the state disable, old aged, or helpless peoples have to go several times to several windows for sanctioning of their old age pension or allowance to disabled and many other benefits provided by Govt. But in these meets investors had promised for single window system. Govt. should consider all the concessions and waivers which investors have requested, these requests are not disclosed at any stage.

Acquiring copy of MOUs is also not so much easy. Ms. Rolly Shivhare from Vikas Samvad tried a lot to get a copy of these MOUs and rules and regulation through RTI. So in this context first she requested Public Information Officer to provide information on 11.7.08, but MPTRIFAC denied to provide information noting condition under Section 8(1)(d) (i.e., information including commercial confidence, trade secrets or intellectual property, the disclosure of which would harm the competitive position of a third party, unless the competent authority is satisfied that larger public interest warrants the disclosure of such information). After receiving

this unsatisfactory response she appealed to First Appeal Officer and he also replied that MOUs were signed between Government and Companies and by providing this information commercial benefits of company will get affected. After this she appealed to Commission considering that the Investments made in the State by the Government are for public and not for companies and the concessions and waivers provided to the companies are from public funds so this type of information should not be hidden and on 17.12.09 Commission ordered that MOUs are public document and thus it does not comes under section 8.

Every State has responsibility of optimum utilization of its resources for benefit of its populace. But when we analyzed these MOUs not only land, but various other resources like iron, limestone, magnesium, aluminum, coal and water will also be provided to these companies and nowhere it was mentioned that the companies using these resources will provide their production for upliftment of population living in Madhya Pradesh. Majority of companies were promised for exclusion from tax, etc. So, it is matter of question that what mistake does other business owners and farmers had made that they have to pay taxes, Mandi fees etc.