



Confederation of Indian Industry

Envisioning Madhya Pradesh Economy@2047

Unlocking Potential; Driving Growth

February 2025



Team Members:

Amita Sarkar

Deputy Director General

.....

Bidisha Ganguly

Chief Economist, CII

.....

Parul Bhardwaj

Principal Economist, CII

.....

Sakshi Saini

Executive Officer, CII

.....

Anisha Sawhney

Executive Officer, CII

Copyright © 2025 Confederation of Indian Industry (CII). All rights reserved.

No part of this publication may be reproduced, stored in, or introduced into a retrieval system, or transmitted in any form or by any means (electronic, mechanical, photocopying, recording or otherwise), in part or full in any manner whatsoever, or translated into any language, without the prior written permission of the copyright owner. CII has made every effort to ensure the accuracy of the information and material presented in this document. Nonetheless, all information, estimates and opinions contained in this publication are subject to change without notice, and do not constitute professional advice in any manner. Neither CII nor any of its office bearers or analysts or employees accept or assume any responsibility or liability in respect of the information provided herein. However, any discrepancy, error, etc. found in this publication may please be brought to the notice of CII for appropriate correction.

Published by Confederation of Indian Industry (CII), The Mantosh Sondhi Centre; 23, Institutional Area, Lodi Road, New Delhi 110003, India. Tel: +91-11- 45771000; Email: info@cii.in; Web: www.cii.in

Envisioning Madhya Pradesh Economy@2047

Unlocking Potential; Driving Growth

February 2025

Contents

Executive Summary	6
Madhya Pradesh Economy@2047	11
Industrial Scenario	16
Economic Performance of Madhya Pradesh	32
Macroeconomic Performance	33
Fiscal Performance	39
Employment Trends	41
The Interventions Matrix	45
Overview of Horizontal Interventions	47
Overview of Vertical Interventions	53
Conclusion	75
Annexure	77



Executive Summary

Madhya Pradesh (MP), India's fifth largest state by population and tenth¹ largest by economic size, has demonstrated remarkable progress in the last decade. Its contribution to India's economy has risen from 3.6 per cent in 2011-12 to 4.6 per cent in 2023-24.

With a GDP of US\$164.7 billion (Rs 13.6 lakh crore), if MP were a country, its economy would be larger than those of Kenya, Morocco or Oman.

Looking ahead, MP is poised to grow to US\$339 billion (Rs 31.1 lakh crore) by 2030-31 and further to US\$ 2.1 trillion (Rs 248.6 lakh crore) economy by 2047-48. This growth will translate into MP's share rising from the current 4.6 per cent to 6.0 per cent by 2047-48.

As we crystal gaze the economic future of MP, it should aspire for the following positioning in the national space:

“**Move into the league of top three largest State economy** from the current position of tenth² by increasing the share of manufacturing and improving its attractiveness as an investment destination”

This report provides a comprehensive roadmap for MP's economic journey by offering detailed insights into its overall industrial and macroeconomic scenario, growth projections and sectoral performance. Additionally, the report identifies challenges and opportunities and provides sector-specific policy

recommendations to unlock its full economic potential, enabling it to play a crucial role in spearheading India's journey towards becoming a US\$35 trillion economy by 2047.

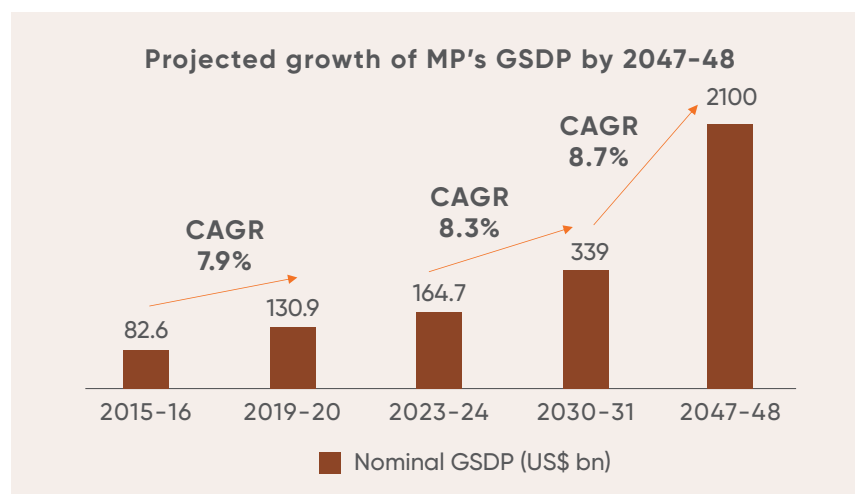
The insights from this report are derived from a combination of secondary research and extensive stakeholder consultations. Data obtained from various

government sources have been analysed to understand the current economic landscape, growth trends and sectoral performance of MP. Alongside, extensive interviews, discussions with industry leaders and academic experts from various sectors have been conducted to identify critical challenges & opportunities and provide actionable recommendations.

State Growth Projections

The economic trajectory of MP will depend on the pace of policy implementation and reform initiatives. If the state intensifies its focus on policy implementation and introduction of structural reforms, it is positioned to surge forward and unlock its potential to reach US\$339 billion (Rs 31.1 lakh crore) by 2030-31 and US\$2.1 trillion (Rs 248.6 lakh crore) by 2047-48 from present US\$164.7 billion (Rs 13.6 lakh crore) in 2023-24. This translates into its real GSDP of MP growing at a CAGR of 8.3 per cent from 2024-25 to 2030-31 to reach US\$339 billion target by 2030-31. The CAGR for 2024-25 to 2047-48 is projected to be 8.6 per cent, compared to five-year (FY16-FY20) pre pandemic CAGR of 7.9 per cent.

For MP to propel itself towards US\$2.1 trillion milestone, it cannot rely solely on the agriculture sector; a strategic shift towards enhancing the manufacturing sector is imperative. This requires implementing structural reforms, developing industrial capabilities and fostering a conducive environment for trade and investment.



Source: CII Research

¹In 2022-23 as data for all states not available for 2023-24 at the time of writing the report

²In 2022-23

Agriculture sector: The Star Performer in Madhya Pradesh

Being a primarily agrarian economy, Madhya Pradesh has experienced remarkable growth in its agriculture sector. Over the past decade, the Gross Value Added (GVA) of the agriculture sector has increased more than fourfold in nominal terms. This has translated into the share of the agriculture & allied sector rising to 43 per cent of the states' GVA in 2023-24, from 36 per cent in the last decade or so. This impressive growth can be attributed to various factors, including improvements in irrigation, the provision of zero-interest loans, the use of high-quality seeds, and a strong focus on technology & innovation that has enhanced farmers' welfare & ensured sustainable and resilient agriculture. These advancements have significantly boosted food grain production and overall agricultural productivity in the state.

Notably, farmer suicides in the state have significantly decreased, making up 2.2 per cent of India's total farmer suicides in 2021, down from 7.2 per cent in 2017. This decline reflects the government's enhanced agricultural support and welfare measures.

Horizontal and Vertical Interventions

Horizontal and vertical interventions will serve as the key pillars of MP's growth strategy that will help unlock its full economic potential.

Horizontal interventions are broad-based initiatives that impact all sectors of the economy and create a foundation for targeted sector-specific interventions, whereas, vertical interventions target sector-specific growth, prioritizing existing high-impact sectors and nurturing sunrise sectors.

The **Interventions Matrix**, a combination of Horizontal and Vertical interventions, summarises the required interventions.

THE INTERVENTIONS MATRIX			
The Horizontal Interventions		The Vertical Interventions	
Foundational Pillars	Game Changers	High-impact Sectors	Sunrise Sectors
<ul style="list-style-type: none"> • Infrastructure push • Job creation and availability of skilled workforce • Ease of doing business • Scaling up MSMEs 	<ul style="list-style-type: none"> • Boosting exports • Deep tech innovation • Green transition • Strengthening the institutional mechanism 	<ul style="list-style-type: none"> • Agri-business and Food Processing • Textile and Apparel • Automobile & Auto components • Pharmaceuticals, Medical Devices & Healthcare • Petrochemical and Natural Gas • Logistics & Warehousing • Tourism 	<ul style="list-style-type: none"> • IT, ITeS and ESDM • Defence & Aerospace • Renewable energy

The Horizontal Interventions Matrix

Under Horizontal interventions, the **Foundational Pillars** primarily focus on strengthening the core base of the state's economy which will help boost its growth potential

over the medium to long term. These measures include:

Infrastructure Push

An infrastructure push will involve enhancing transportation infrastructure, developing more multi-modal

logistics parks, expanding air cargo hubs, and improving air connectivity. Additionally, the state should focus on developing sector-specific industrial parks and smart city infrastructure, as well as building eco-friendly industrial parks to integrate renewable energy sources.



Job Creation and Availability of Skilled Workforce

The state should prioritize employment-elastic sectors such as textiles and food processing, set up more Skill Parks and encourage industry participation in skill development. Upskilling and reskilling initiatives will address skill gaps and ensure alignment with industry needs.



Ease of Doing Business

Improving the ease of doing business will involve effective implementation of the Single Window System (SWS) for seamless approvals and clearances, streamlining land acquisition and registration processes, integrating inspections, and providing timely clearances. The state should also prioritize access to economical and reliable power supply, along with reducing bureaucratic hurdles and turnaround times for approvals.



Scaling up MSMEs

The state should focus on improving access to credit through concessional lines of credit and interest rate subsidies, enhancing market access through trade fairs and exhibitions, facilitating export assistance to scale up MSMEs. Skill development and training programs will enhance MSME capabilities, while digitization and technological upgradation will streamline their operations.

The **Game Changer Interventions** will act as differentiators for the state, providing significant boost to exports, driving innovation and aiding in green transition:



Boosting Exports

To boost exports, state should facilitate ease of doing business for exporters, leverage the 'District as Export Hubs' initiative to promote ODOP (One District One Product) items, and enhance logistics for export facilitation. Establishing an MP Export Promotion Council will provide dedicated support for export activities.



Deep Tech Innovation

Deep tech innovation should be driven by establishing innovation hubs and technology parks, incentivizing R&D activities, and creating a supportive ecosystem for deep tech startups through incubation centres and specialized training programs.



Green Transition

To achieve green transition, state should incentivize the adoption of green technologies through grants and subsidies, implement a carbon tax, and maximize renewable energy potential by setting up additional renewable energy parks and promoting clean energy production in industrial clusters.



Strengthening the Institutional Mechanism

It is critical to strengthen the institutional mechanism of the state by creating an Economic Advisory Council to address a broad spectrum of economic reforms. The Council will actively look at areas such as investment, exports, skills, rural development, health, education, EODB and CODB, among others.

The Vertical Interventions Matrix

Vertical interventions are sector-specific strategies that can propel the state's economic growth. Achieving the ambitious target of US\$2.1 trillion by 2047-48 will require a combination of robust growth in **existing high-impact sectors** coupled with exponential growth in a few **sunrise sectors**.

We have identified **seven existing sectors** which could potentially drive up the growth trajectory through focused interventions, in addition to **three hitherto nascent ones** with exponential growth potential for the state. While existing policies have been implemented in these high-impact and sunrise sectors, challenges persist that require further targeted interventions and policy actions.

High-impact Sectors



Agri-business and Food Processing Sector

MP should harness its vast agricultural potential by enhancing value addition through agri-business and food processing. Establishing robust market linkages, modernizing infrastructure, enforcing quality standards, promoting technology adoption and funding R&D initiatives in the sector are recommended interventions to bolster the food processing sector and elevate its rural economy.



Textile and Apparel Sector

MP's textile sector boasts of a rich heritage with unique printing and weaving techniques. The state should leverage its competitive edge to realize the sector's potential by bridging infrastructure gaps and updating its technology. Developing specialized textile parks, encouraging technology upgradation, enhancing export competitiveness and promoting green practices in textile manufacturing can help realize the sector's potential.



Automobile and Auto Components Sector

The automobile sector in MP has significant potential due to its strategic location and robust connectivity. With the shift towards electric vehicles, there is vast potential for innovation. Workforce skill development, quality monitoring, and fostering R&D & innovation can position MP as a hub for automotive sector.



Pharmaceuticals, Medical Devices and Healthcare Sector

The pharmaceutical sector in MP, with a strong export base, has substantial untapped potential. To unlock this potential, state should encourage R&D investment, facilitate skill development, support Active Pharmaceutical Ingredients (API) manufacturing, and simplify licensing processes.



Petrochemical and Natural Gas Sector

Recommended interventions to drive the sector's growth include rationalizing taxes, introducing a comprehensive City Gas Distribution (CGD) policy, investing in infrastructure, and streamlining regulations.



Logistics and Warehousing Sector

To become a logistics hub, the state should focus on developing state of the art logistics and warehousing infrastructure, improving operational efficiency through technology driven solutions, and enhancing connectivity through better road and rail networks.



Tourism Sector

To make MP a top tourist destination, the state should focus on expanding transportation networks to improve accessibility, enhancing marketing strategies to promote its attractions, improving safety measures for pleasant experience of visitors, and promoting sustainable tourism to preserve its rich cultural heritage and natural attractions.

Sunrise Sectors



IT, ITeS and ESDM Sector

To position MP as an IT hub, state should focus on developing a branding strategy, expanding IT infrastructure, launching skill development programs, and promoting R&D.



Defence and Aerospace Sector

MP's strategic location makes it suitable for defence and aerospace manufacturing. The state should focus on encouraging private investment, facilitating technology advancement, enhancing skill development, and easing regulatory processes to position it as a key player in the industry.



Renewable Energy

MP has significant potential in solar and wind energy which remains underutilized. Innovative financing mechanisms, aligning policies with ESG goals, and investing in R&D will enhance MP's competitiveness in this sector and drive state's transition to a greener economy.

By providing a comprehensive view of MP's macroeconomic and industrial landscape, opportunities, challenges and policy imperatives, this report equips policymakers with valuable insights and suggestions to steer the state towards achieving the goal of US\$2.1 trillion economy by 2047-48.



Madhya Pradesh Economy @2047

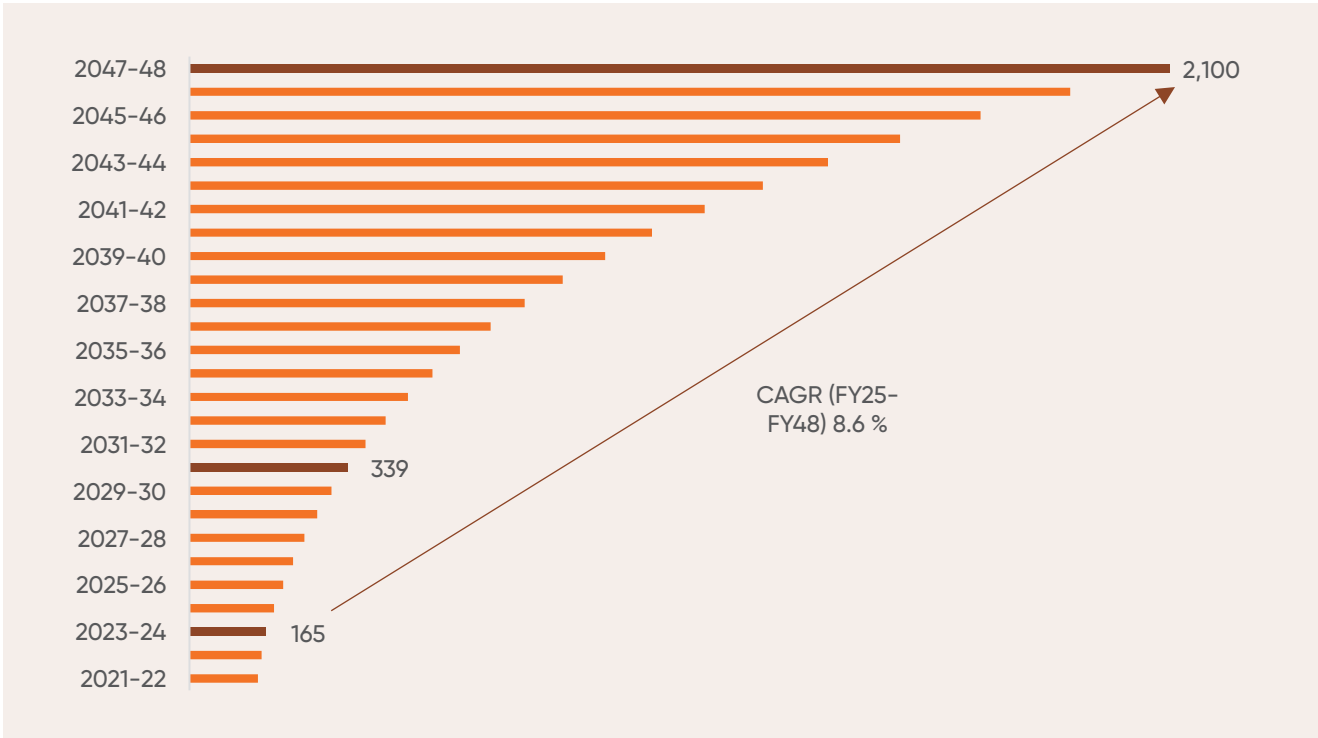
Madhya Pradesh's economy boasts a size of US\$164.7 billion as of 2023-24, demonstrating a real growth rate of 6.0 per cent in the year. With abundant potential waiting to be tapped, the state can be an active participant in spearheading the nation's target of US\$35 trillion economy by 2047. To achieve this, MP requires a forward-looking, long-term strategy that will serve as a guiding framework for its

sustainable growth and development. The economic trajectory of MP will depend on the pace of policy implementation and reform initiatives.

If the state intensifies its focus on policy implementation and introduction of structural reforms, it is positioned to surge forward and unlock its potential to reach US\$339 billion by 2030-31 and US\$2.1 trillion by 2047-48. The real GSDP of MP is projected to

grow at a CAGR of 8.3 per cent from 2024-25 to 2030-31 to reach US\$339 billion target by 2030-31. To further attain the target of US\$2.1 trillion by 2047, MP is projected to grow at even higher CAGR of 8.7 per cent from 2030-31 to 2047-48. The CAGR for 2024-25 to 2047-48 is projected to be 8.6 per cent, compared to five-year (FY16-FY20) pre pandemic CAGR of 7.9 per cent.

Chart 1: Expected trajectory of MP's GSDP (in US\$ bn) by 2047-48



Source: MoSPI and CII Research

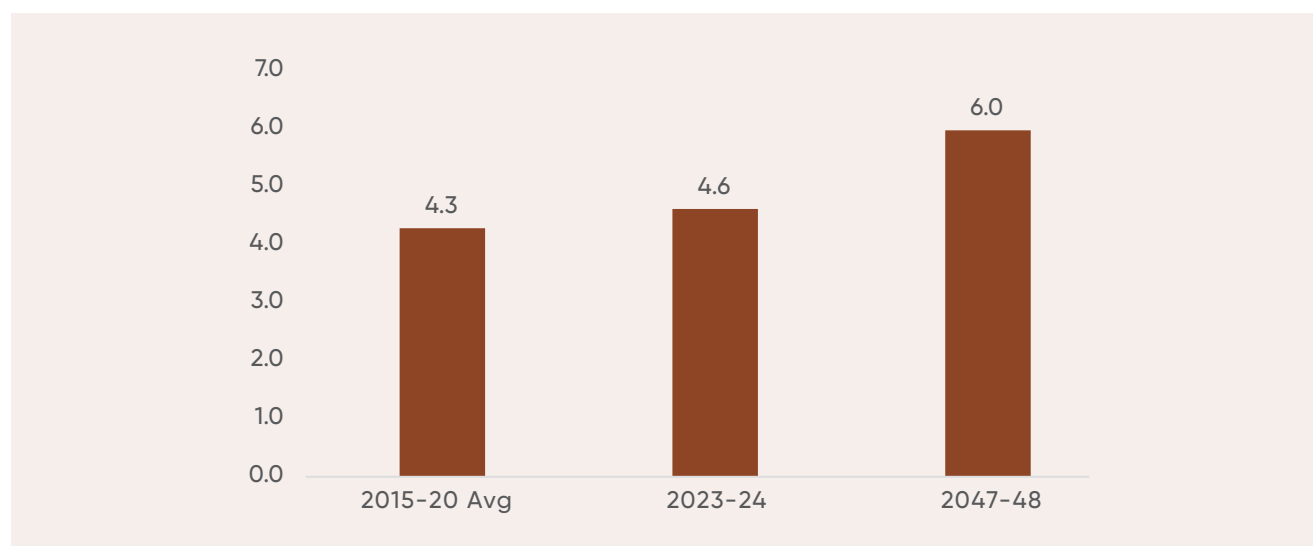


The share of MP's GSDP in India's GDP currently stands at 4.6 per cent, higher than the pre-pandemic average share of 4.3 per cent recorded from 2015-16 to 2019-20. It is projected that MP's share in India's GSDP will further rise to 6.0 per cent by 2047-48.

Underlying Assumptions:

Given the external headwinds and the current trajectory of the exchange rate, the projections assume that the exchange rate is likely to increase to Rs 118.35 against the US dollar by 2047-48, rising at a CAGR of 1.5 per cent. Further, CAGR of GSDP deflator is assumed at 4.0 per cent from 2024-25 to 2047-48.

Chart 2: Share of MP in India's GDP (per cent)



Source: MoSPI and CII Research

Sectoral growth projections

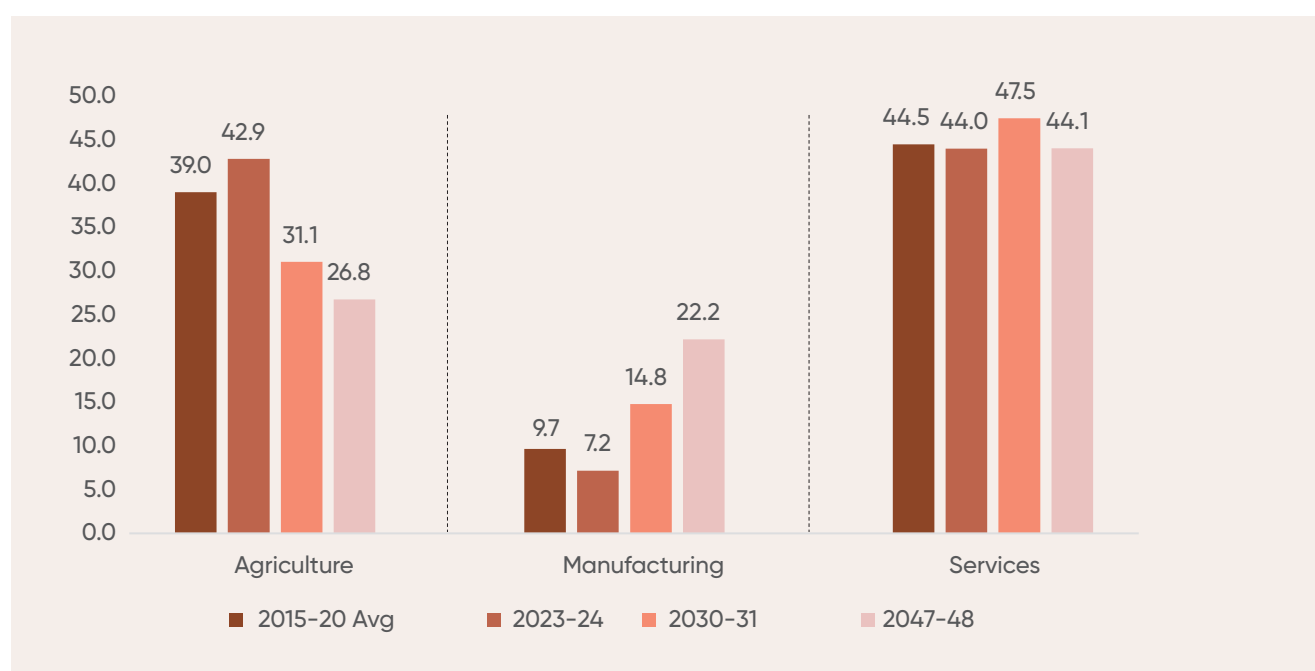
Manufacturing must take the lead for Madhya Pradesh to achieve the US\$2.1 trillion mark by 2047

In terms of sectoral contribution, MP is predominantly reliant on agriculture and services sector. As of 2023-24, the service sector commands a substantial share of 44.0 per

cent in MP's GSVA, closely trailed by agriculture at 42.9 per cent. On the other hand, the manufacturing sector represents a modest fraction in MP's GSVA, accounting for only 7.2 per cent in 2023-24, lower than the average share of 9.7 per cent prior to the pandemic between 2015-16 to 2019-20.

To achieve the target of reaching US\$2.1 trillion by 2047-48, MP must bolster its manufacturing sector. The manufacturing sector's share in GVA needs to rise substantially to 14.8 per cent by 2030-31 and further to 22.2 per cent by 2047-48 to propel MP towards this ambitious target.

Chart 3: Sectoral share in MP's GSVA (per cent)



Source: MoSPI and CII Research

The agriculture sector is projected to grow in real terms at a CAGR of 7.6 per cent from 2024-25 to 2047-48, compared to CAGR real growth of 9.3 per cent recorded in the five-year (FY16-20) pre-pandemic period. Growth is expected to be 7.4 per cent from 2024-25 to 2030-31 and 7.7 per cent from 2030-31 to 2047-48.

The services sector is projected to demonstrate a

CAGR of 8.3 per cent from 2024-25 to 2047-48 in real terms, up from CAGR real growth of 7.0 per cent observed in the five-year (FY16-20) pre-pandemic period. The sector's growth is projected at 8.7 per cent during 2024-25 to 2030-31 and 8.2 per cent between 2030-31 and 2047-48.

The manufacturing sector is projected to be the key engine of growth driving the

GSVA. The state is projected to record a CAGR real growth of 10.6 per cent from 2024-25 to 2047-48, compared to CAGR growth of 6.4 per cent recorded in the five-year (FY16-20) pre-pandemic period. The CAGR for 2024-25 to 2030-31 is projected to be 8.9 per cent and 11.3 per cent for 2030-31 to 2047-48.

Table 1: Projected sectoral real growth of MP's GSVA (per cent)

	CAGR (FY16-FY20)	CAGR (FY25-FY31)	CAGR (FY31-FY48)	CAGR (FY25-FY48)
Agriculture	9.3	7.4	7.7	7.6
Manufacturing	6.4	8.9	11.3	10.6
Services	7.0	8.7	8.2	8.3

Source: MoSPI and CII Research

The agricultural sector has been the backbone of MP's impressive growth performance, driven by diversified crop portfolio, value addition and a strong focus on technology and innovation that has enhanced farmers' welfare and ensured sustainable and resilient agriculture. Notably, farmer suicides in the state have declined sharply,

accounting for 2.2 per cent of India's total farmer suicides in 2021, down from 7.2 per cent in 2017, reflecting improved agriculture support and welfare measures by the government.

However, to propel MP towards achieving the US\$2.1 trillion milestone, the state cannot depend solely on the

agriculture sector. It requires a concerted effort to implement critical structural reforms and a transition towards a manufacturing-based economy. MP must prioritize sectors that offer unparalleled growth prospects, serving as catalysts for economic expansion.



Industrial Scenario

Madhya Pradesh's industrial landscape is quite varied. It is a bustling hub for many businesses and industries. Key sectors with significant presence include textiles, agriculture-based industries, engineering, auto and pharmaceuticals, among others. These industries have witnessed a significant growth over the years. The state has ample land, infrastructure, skilled resources and offers massive opportunities in agriculture, food processing, pharmaceuticals, automobiles, tourism, textiles, Renewable Energy. This has

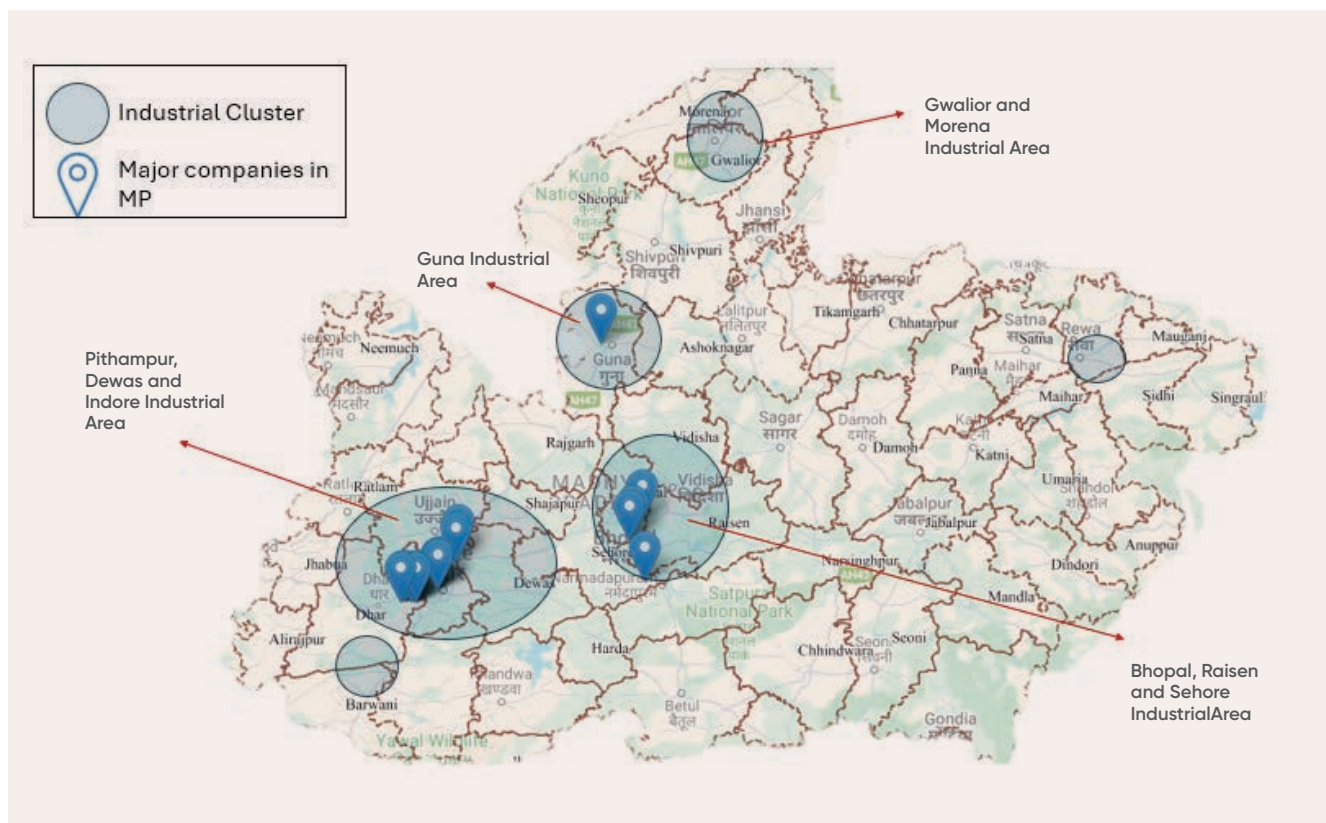
led to Madhya Pradesh emerging as the ideal investment destination. As per the stated Industrial Policy³ of the State, following are the **focus sectors** (Traditional & Sun-rise) in the state:

1. Agriculture, Food & Dairy Processing
2. Automobile & Auto Components
3. Textile and Readymade Garments
4. Pharmaceuticals, Medical Devices and Healthcare
5. IT, ITeS and ESDM

6. Renewable Energy
7. Logistics and Warehousing
8. Natural Gas and Petro Chemical
9. Defence and Aerospace
10. Tourism

After assessing the location of large companies and their closeness to industrial clusters, we find that many of the large companies have been located close to the existing industrial clusters. A snapshot of the same is as below, where top 20 companies (sorted in terms of sales in 2022-23) have been mapped with the areas/

Chart 4: Mapping major companies headquartered in MP and key industrial clusters



³ Industrial Promotion Policy 2014 (Amended 2022)

The table below mentions the companies mapped in chart 4 along with the industrial clusters where they located in:

Table 2: Mapping of key industrial clusters and companies

Cluster	Cluster
Bhopal	H E G Ltd.
	Maurer-Sanfield India Ltd.
Dewas	Kriti Nutrients Ltd.
	Sanoh India Pvt. Ltd.
Indore	Agarwal Coal Corpn. Pvt. Ltd.
	Associated Alcohols & Breweries Ltd.
	Mittal Appliances Ltd.
	Mount Everest Breweries Ltd.
Guna	Patanjali Foods Ltd. (Formerly known as Ruchi Soya Industries Limited)
Pipalkhriya, Raisen	Som Distilleries & Breweries Ltd.
Pithampur, Dhar	Bridgestone India Pvt. Ltd.
	Man Industries (India) Ltd.
	Signet Industries Ltd.
	Shakti Pumps (India) Ltd.
	Pratibha Syntex Ltd.
	Kriti Industries (India) Ltd.
	Rajratan Global Wire Ltd.
	Pinnacle Industries Ltd.
Budhni, Pilikarar, Sehore	Commercial Syn Bags Ltd.
	Vardhman Textiles Ltd.

Note: Top 20 companies have been sorted based on their sales in 2022-23






Overall Industrial Scenario of Madhya Pradesh

MP is predominantly an agrarian state, with the industrial sector contributing a modest 13 per cent to the

state's output as of 2023-24. Recognizing the critical need to diversify its economic landscape and bolster the industrial sector to achieve a higher growth trajectory, MP is undertaking significant investments and a host of

initiatives to create an enabling environment for industry to thrive. However, the journey ahead is challenging, which will require transformative reforms to emerge as an industrial hub.

Table 3: Major characteristics of MP's Industry

Cluster	2020-21	2021-22	2022-23	Share in India's Industry (%) 2022-23	Trend
Number of Factories (no.)	4914	5010	5058	2.0	
Real Output	229784	249688	282001	3.0	
Gross Fixed Capital Formation	9261	12616	17954	3.1	
Net Profit	16627	28851	32622	3.3	
Workers employed (no.)	297800	322247	339435	2.3	

Notes: Values are in Rs crore, unless otherwise specified.

Source: ASI, MoSPI

As per the data from the latest round of Annual Survey of Industries (ASI) for the year 2022-23, MP had 5,058 factories, accounting for a mere 2 per cent of India's total factories. Also, the growth rate of factories in the state have slowed down to 1.0 per cent in 2022-23, dropping from 3 per cent growth observed in 2020-21. While the growth in the number of factories has been moderate, the state's industrial output in real terms has experienced a significant upturn. In 2022-23, MP's industrial output grew by 12.9 per cent, rebounding from the 3.2 per cent contraction during the pandemic year of 2020-21. Despite this recovery, MP's share of India's industrial output slightly moderated from 3.2 per cent

in 2020-21 to 3.0 per cent in 2022-23.

Investment trends in MP's industrial sector have been promising. The state's Gross Fixed Capital Formation (GFCF) surged by 42.3 per cent in 2022-23, higher than the previous year growth rate of 36.2 per cent. Yet, MP's share of capital investment in India's industrial expenditure has moderated from 3.8 per cent in 2021-22 to 3.1 per cent in 2022-23, substantially lower than the pre-pandemic level of 4.2 per cent in 2018-19. In contrast, the profitability of MP's industrial sector has seen a significant boost, with profits growing by 13.1 per cent in 2021-22, surpassing the growth of profits at national level. However, the share of MP's industrial profits

at 3.3 per cent in 2022-23 remains below the pre-pandemic level of 4.4 per cent in 2018-19.

Considering the employment scenario, the industrial sector employed approximately 3.39 lakh workers in 2022-23, representing only 2.3 per cent of the total industrial employment at the national level. Although the number of workers grew by about 5.3 per cent in 2022-23, the state's share in national industrial employment has remained stagnant over the years.

In the next sub section, we present the performance of the key sectors in the state using ASI data.

Performance of the Key Sectors

1. Food Processing



Sector at a Glance

- State has 11 Agro-climatic zones ensuring wide variety of agricultural produce.
- Largest producer of pulses and spices, second largest producer of foodgrains and flowers, and among the leading producers of oilseeds, vegetables, medicinal plants and milk.
- 2 government agriculture universities, 1 government veterinary university, 3 ICAR institutes and 2 research centres.
- Dedicated infrastructure with 8 food parks, 2 spices parks and 4 agro processing clusters.

Table 4: Output and Employment Trends in MP's Food Processing Sector

Cluster	2020-21	2021-22	2022-23	Share in MP's Industry (%) 2022-23	Share in India's Sector (%) 2022-23	Trend
Number of Factories (no.)	1231	1258	1274	25.2	2.8	
Real Output	71093	50125	64132	22.7	4.9	
Gross Fixed Capital Formation	1135	1405	2397	13.3	3.8	
Net Profit	2870	3008	3165	9.7	3.9	
Workers employed (no.)	56717	52803	62059	18.3	2.8	

Notes: Values are in Rs crore, unless otherwise specified.

Food Processing sector comprises of industries involved in manufacturing of food products, beverages and tobacco products.

Source: ASI, MoSPI

As per the latest data from the Annual Survey of Industries (ASI), following datapoints regarding Food Processing sector stand out:

Number of Factories

There are a total 1274 factories in the food processing sector as of fiscal year 2022-23, which constitutes 25.2 per cent of all industries in the state.

Real Output

The real output of the food processing sector reached Rs 64,132 crore in 2022-23, registering a growth of about 28 per cent following a contraction in the growth rate in the previous year. The share of food processing sector comprises a significant 22.7 per cent of MP's industrial sector.

Gross Fixed Capital Formation (GFCF) & Net Profits

GFCF experienced a noteworthy increase of more than 70 per cent,

accompanied by 5.2 per cent rise in net profits in the year 2022-23. This is indicative of positive developments in the sector, potentially attributed to enhanced production efficiency, increased investments in long-term assets, or technological advancements leading to higher profitability and investments.

Employment

The sector employed 62,059 workers as of fiscal year 2022-23, constituting 18.3 per cent of the total workforce engaged in MP food processing industries. The workers employed in the sector has witnessed a notable increase of 6.0 per cent since 2019-20.

Comparison with All-India

While the food processing sector constitute a substantial part of MP's manufacturing, its share in India's food processing sector remains small. MP's food

processing sector represents only 2.8 per cent of the total number of India's food processing factories, contributes 4.9 per cent to all India food processing sector output, and employs 2.8 per cent of the workforce in this sector nationwide.

The GVA of India's Food Processing sector has risen from Rs 1.34 lakh crore in 2014-15 to Rs 2.37 lakh crore in 2020-21, registering an impressive average annual growth rate of 9.3 per cent⁴. However, the share of MP in the burgeoning national food processing market remains small.

To position itself as a significant player in India's expanding food processing market, the state must leverage its agricultural strengths effectively.



⁴ Source: Ministry of Food Processing Industries. Retrieved from: https://worldfoodindia.gov.in/public/pdf/1688734112_2042219735.pdf

2. Textile and Apparel



Sector at a Glance

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> - State has abundance of raw material, including cotton, silk and manmade fibre. - Accounts for 47 per cent of India's and 24 per cent of world's organic cotton production. - Several traditional textile varieties, including | <ul style="list-style-type: none"> - Maheshwari, Chanderi, Batik print, Bagh print and Nandana print. - Received highest investment under PLI Scheme worth more than Rs 3,500 crore. - Presence of Readymade Garment cluster and Apparel cluster in Indore, | <ul style="list-style-type: none"> - Garment and Fashion Design cluster in Jabalpur, and Readymade Garment Park in Gwalior. - Textile and Design focused technological institutes in the state, including NIFT Bhopal, NID Bhopal and IITDM Jabalpur. |
|---|--|---|

Table 5: Output and Employment Trends in MP's Textile and Apparel Sector

Cluster	2020-21	2021-22	2022-23	Share in MP's Industry (%) 2022-23	Share in India's Sector (%) 2022-23	Trend
Number of Factories (no.)	310	304	294	5.8	0.8	
Real Output	13710	18956	14765	5.2	2.6	
Gross Fixed Capital Formation	837	1213	1940	10.8	5.8	
Net Profit	284	3091	1288	3.9	3.7	
Workers employed (no.)	43714	49105	42213	12.4	1.4	

Note: Values are in Rs crore, unless otherwise specified

Textile and Apparel sector comprises of industries involved in manufacturing of textiles, wearing apparel and leather

Source: ASI, MoSPI

As per the latest data from the Annual Survey of Industries (ASI), following key data points regarding Textile and Apparel Sector are noteworthy:

Number of Factories

There are a total of 294 factories operating in textile and apparel sector in MP as of fiscal year 2022-23, representing 5.8 per cent of the state's industries. However, there has been a decline from the 310 factories recorded in the previous fiscal year 2020-21.

Real Output

The sector's real output fell to Rs 14,765 crore in the fiscal year 2022-23, marking a notable 22.1 per cent decline compared to the previous year. Resultingly, the share of output in MP's industries has also declined to 5.2 per cent in 2022-23

compared to 7.6 per cent in 2021-22.

Gross Fixed Capital Formation (GFCF)

Despite falling output, substantial long-term investments are evident in the sector, indicated by the GFCF, which surged to Rs 1,940 crore in 2022-23 from Rs 690 crore in 2019-20. This represents 10.8 per cent of all investments witnessed in MP's industries in fiscal 2022-23.

Net Profits

The sector has witnessed an increase in profitability, with net profits rising to Rs 1,288 crores in 2022-23 from Rs 758 crores in 2019-20, despite a reduction in profitability compared to the previous year. The net profits account for 3.9 per cent of the total profits generated by MP's industries in 2022-23.

Employment

With declining real output, employment in the textile sector has seen fallen substantially to 42,213 workers compared to 49,279 in 2019-20. The sector's share in MP's overall employment stands at a substantial 12.4 per cent in 2022-23, second only to the food processing sector, indicating its importance as a major employment generator.

Comparison with All-India

The number of factories within MP's textile and apparel sector accounts for barely 1 per cent of India's textile industry, with its output representing only 2.6 per cent. Further, the share of workers employed in MP's textile sector compared to India's textile sector employment is a mere 1.4 per cent, implying low labour absorption relative to national standards.



3. Automobile and Auto components



Sector at a Glance

- The state has strong auto ecosystem with 10+ Original Equipment Manufacturers, 200+ Auto Component Manufacturers and 200+ Engineering manufacturers.
- NATRAX, Asia's longest high-speed test track upcoming in the state with 14 test tracks, 5 Auto specific labs and test facility for all categories of vehicles.
- Dedicated Auto clusters in Indore, Bhopal, Pithampur and Dewas.

Table 6: Output and Employment Trends in MP's Automobile and Auto Components Sector

Cluster	2020-21	2021-22	2022-23	Share in MP's Industry (%) 2022-23	Share in India's Sector (%) 2022-23	Trend
Number of Factories (no.)	182	182	166	3.3	2.6	
Real Output	10384	12299	16408	5.8	2.2	
Gross Fixed Capital Formation	664	1184	917	5.1	2.1	
Net Profit	269	435	1313	4.0	1.9	
Workers employed (no.)	28138	25342	30388	9.0	3.0	

Note: Values are in Rs crore, unless otherwise specified

Automobile and Auto components sector comprises of industries involved in manufacturing of motor vehicles, bodies for motor vehicles, trailers and semi-trailers, and parts and accessories for motor vehicles

Source: ASI, MoSPI

As per the latest data from ASI, following data points regarding MP's Automobile and Auto Components sector stand out:

Number of Factories

The growth in the number of factories in the automobile and auto components sector has declined substantially to 166 in 2022-23 from 182 in the previous year and 179 in 2019-20. This represents only 3.3 per cent of MP's total factories, indicating a relatively small presence within the state's industrial landscape.

Real Output

The real output of the sector has seen a substantial increase from Rs 9,280 crore in 2019-20 to Rs 16,408 crore in 2022-23. However, this output comprises 5.8 per cent of MP's industrial output.

Gross Fixed Capital Formation

The GFCF in the sector accounts for 5.1 per cent of the capex in MP's industrial sector. It witnessed a decline during the pandemic in 2020-21 and has not fully recovered to pre-pandemic levels, remaining lower by 32.1 per cent in 2022-23 as compared to 2019-20 levels.

Net Profits

Profitability in the sector has risen impressively, increasing to Rs 1,313 crore in 2022-23 from Rs 199 crore in 2019-20. However, the overall profitability remains low, with net profits accounting only 4.0 per cent to the profits in MP's overall industrial sector.

Employment

The sector provides employment to more than 30 thousand workers, constituting around 9.0 per

cent of MP's industrial sector employment as of 2022-23, underscoring its role as a significant employment generator.

Comparison with All-India

While the Automobile and Auto Component sector in MP has shown few positive indicators such as output growth and increased profitability, there are evident challenges that need to be addressed. The sector holds a modest share within India's Automobile sector, with factories representing 2.6 per cent, real output contributing 2.0 per cent and workers employed accounting for 2.0 per cent of the national figures. The sector's relatively small presence within both the state and national level highlights the need for targeted interventions and policy initiatives to realize the potential of the sector.



4. Pharmaceuticals, Medical Devices and Healthcare



With the evolving healthcare industry driven by population growth and rising lifestyle-related ailments, pharmaceutical and healthcare sector presents a substantial untapped potential for its growth and development. India's ascendancy as a leading

supplier of cost-effective generic medicines has positioned it prominently in the global pharmaceutical industry. As India endeavors to become a global pharmaceutical powerhouse, MP can be an important contributor in realizing this vision.

Pharmaceutical and medical drugs is the top export category of MP. The Pithampur SEZ is an emerging manufacturing hub for pharmaceutical products. Further, the establishment of Biotechnology Park in Indore under PPP mode is set to elevate the state's prowess in the sector.

Sector at a Glance

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> - State ranked 5th among Indian states in pharmaceutical exports during 2023-24. - 16 per cent share of Pharma in exports from MP in 2022-23 and 23.4 per cent in 2023-24. | <ul style="list-style-type: none"> - Dedicated Medical Devices Park in Vikram Udyogpuri, Ujjain. - Presence of large Pharma clusters such as those in Gwalior, Ujjain, Sagar, Jabalpur, Dewas, Indore among others. | <ul style="list-style-type: none"> - Presence of ancillary industry – Engineering and Plastic industry. - 250 Pharmacy institutes in the state. |
|--|---|---|

Table 7: Output and Employment Trends in MP's Pharmaceutical Sector

Cluster	2020-21	2021-22	2022-23	Share in MP's Industry (%) 2022-23	Share in India's Sector (%) 2022-23	Trend
Number of Factories (no.)	166	155	158	3.1	2.9	
Real Output	6985	7010	5772	2.0	1.0	
Gross Fixed Capital Formation	165	610	594	3.3	1.9	
Net Profit	1544	1438	1911	5.9	2.2	
Workers employed (no.)	15369	19683	14253	4.2	2.4	

Note: Values are in Rs crore, unless otherwise specified

Pharmaceutical sector comprises of industries involved in manufacturing of pharmaceuticals, medicinal chemical and botanical products

Source: ASI, MoSPI

As per the data from ASI, following datapoints in MP's Pharmaceutical sector stand out:

Number of Factories

The Pharmaceutical sector in MP witnessed a decline in the number of factories, falling to 165 in 2019-20 from 158 in 2022-23. The factories in the sector account for a modest share of 3.1 per cent in MP's overall industrial landscape.

Real Output

The real output of the pharmaceutical sector has seen a substantial decline, falling to Rs 5,772 crore in 2022-23 from Rs 5,858 crore in 2019-20. The share of the sector's real output in MP's overall industrial sector remains low at just 2.0 per cent.

Gross Fixed Capital Formation

The sector has experienced an impressive increase in capex, growing sharply to Rs 594 crore in 2022-23 from Rs 311 crore in 2019-20. This constitutes 3.3 per cent of investment taking place in overall MP's industrial sector.

Net Profits

Profitability within the sector has also shown a remarkable uptick, rising to Rs 1,911 crore in 2022-23 from Rs 874 crore in 2019-20. This constitutes a significant 5.9 per cent share of net profits in MP's industry.

Employment

The number of workers engaged in the pharmaceutical sector has declined sharply by 27.6 per cent to 14,253 in 2022-23, almost similar to the employment levels in 2019-20. Workers employed in the sector constitutes 4.2 per cent share within MP's industrial workforce.

Comparison with All-India

MP's Pharmaceutical sector remains relatively small within India's pharmaceutical landscape, accounting for only 2.9 per cent in terms of the number of factories, 1.9 per cent in terms of real output, and 2.4 per cent in terms of workers employed. To elevate its prowess and make substantive contributions to India's pharmaceutical sector, the state needs to address the existing challenges that impede the growth of the sector. Presently, there is absence of a dedicated policy specifically tailored to the Pharmaceutical and Medical Device sector in MP. Implementation of such policy will help in bolstering the state's pharmaceutical industry by enhancing domestic production and export competitiveness.

5. Petrochemical and Natural Gas Sector



The Petrochemical and Natural Gas sector holds significant importance, given its direct and indirect linkages with various industrial segments such as agriculture, textiles, construction, pharmaceuticals, among

others. Therefore, fostering growth of this sector is important for a thriving manufacturing ecosystem. Although MP is not a major player in the sector, it boasts substantial untapped potential for growth. The

upcoming Downstream Petrochemical Complex and Refinery Expansion Project at BPCL's Bina Refinery, with an investment of approximately Rs 49,000 crore, promises to unlock this potential.

Sector at a Glance

- Rich Coal Bed Methane reserves.	- Downstream Petrochemical Complex and Refinery Expansion Project upcoming at Bina Refinery.	- State Government has a special Scheme for Promotion of Ethanol and Bio-fuel Production.
- ONGC to commercialize gas production in Vindhyan Basin.	- Abundance of raw materials for Ethanol production.	- Presence of downstream industry – Plastic industry.

Table 8: Output and Employment Trends in the MP's Petrochemical sector:

Cluster	2020-21	2021-22	2022-23	Share in MP's Industry (%) 2022-23	Share in India's Sector (%) 2022-23	Trend
Number of Factories (no.)	405	418	436	8.6	2.7	
Real Output	30970	48515	60554	21.5	2.8	
Gross Fixed Capital Formation	1098	273	3920	21.8	2.9	
Net Profit	392	4567	9724	29.8	3.7	
Workers employed (no.)	20435	29096	24561	7.2	2.7	

Note: Values are in Rs crore, unless otherwise specified

Petrochemical sector comprises of industries involved in manufacturing of coke and refined petroleum products, and chemical and chemical products

Source: ASI, MoSPI

As per the latest data from ASI, following datapoints of MP's Petrochemical sector stand out:

Number of Factories

The number of factories in the Petrochemical sector in MP has increased steadily to 436 in 2022-23 from 376 in 2019-20, constituting 8.6 per cent share of MP's industrial sector.

Real Output

The real output of the sector accounts for 21.5 per cent of MP's industrial output, with a value of Rs 60,554 crore in 2021-22. Despite a notable fall in 2020-21, real output has rebounded, registering a 38.0 per cent increase from 2019-20.

Gross Fixed Capital Formation (GFCF)

Investment in the sector has witnessed a sharp uptick,

rising from Rs 273 crore in 2021-22 to Rs 3920 crore in 2022-23. This accounts for an impressive 21.8 per cent share in MP's industrial investment.

Net Profits

Profitability in the sector have increased impressively, rising to Rs 9,724 crore in 2022-23 from Rs 798 crore in 2019-20. Net profits represent a substantial 29.8 per cent of MP's industry.

Employment

Despite positive trends in output, investments and profits, employment in the petrochemical sector has gone down to 24,561 workers in 2022-23 by about 15.6 per cent compared to previous year, constituting 7.2 per cent share in MP's industrial sector.

Comparison with All-India

The Petrochemical sector in MP has witnessed significant

growth in recent years, marked by increase in factories, output, profits and investment. Despite these positive developments, the sector has experienced a decline in employment, highlighting the capital intensive nature of the sector.

Moreover, MP's petrochemical sector constitutes a relatively small share of India's overall petrochemical industry. With only 2.7 per cent of the total factories, 2.8 per cent of real output, and 2.7 per cent of the workforce, there is a clear imperative to address the challenges hindering the sector's realization of its full potential.



6. IT, ITeS and ESDM Sector



The Information Technology (IT), Information Technology enabled Services (ITeS), and Electronic System Design and Manufacturing (ESDM) sector in MP has not yet gained prominence within the state's industrial landscape. Recognizing the need for a

cohesive strategy to fully harness its capabilities, MP has introduced IT, ITeS & ESDM Investment Promotion Policy 2023. This policy represents a crucial step forward, aiming to position the state as an appealing destination for businesses,

entrepreneurs, and investors in the sector. However, numerous challenges persist, necessitating concerted efforts to unlock the potential of MP's IT, ITeS, and ESDM sector and establish the state as a competitive player in the global technology landscape.

Sector at a Glance

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> - Good IT ecosystem with 5 SEZs, 15 IT Parks and 2 Electronics Manufacturing Clusters. - Presence of 150+ ESDM units. | <ul style="list-style-type: none"> - Cheaper land rates and low cost of operation compared to other major cities. - Power surplus state with 24*7 uninterrupted power supply. | <ul style="list-style-type: none"> - Good institutional presence with institutes like IIT, IIM, IISER and IITMs. |
|--|---|---|

Table 9: Output and Employment Trends in MP's Electronics Sector

Cluster	2020-21	2021-22	2022-23	Share in MP's Industry (%) 2022-23	Share in India's Sector (%) 2022-23	Trend
Number of Factories (no.)	239	231	220	4.3	2.1	
Real Output	8029	9527	11563	4.1	1.8	
Gross Fixed Capital Formation	195	300	385	2.1	1.1	
Net Profit	110	800	1369	4.2	2.3	
Workers employed (no.)	16809	17228	18780	5.5	2.0	

Note: Values are in Rs crore, unless otherwise specified

Electronics sector comprises of industries involved in manufacturing of computer, electronic and optical products, and electrical equipment

Source: ASI, MoSPI

As per the latest data from ASI, following data points from Electronics sector⁵ in MP stand out:

Number of Factories

The number of factories in the electronics sector have witnessed a steady decline, falling from 239 in 2020-21 to 220 in 2022-23. The factories in the sector constitute 4.3 per cent share in MP's industry.

Real Output

The real output of the sector rebounded impressively after a downturn during the pandemic, with 30.6 per cent increase in real output seen in 2022-23 compared to pre-pandemic levels. The real output stood at

Rs 11,563 crore in 2022-23, contributing 4.1 per cent to MP's industrial output.

Gross Fixed Capital Formation

The investments in the sector have increased notably to Rs 385 crore in 2022-23 from Rs 195 crore in 2020-21, albeit representing only 2.1 per cent of MP's industrial capital expenditure.

Net Profit

There has been a remarkable turnaround in profitability in the sector from a loss of Rs 157 crore in 2019-20 to a net profit of Rs 1,369 crore in 2022-23, contributing 4.2 per cent to the state's industrial profits.

Employment

The employment generation in the sector has witnessed notable uptick, rising by more than 9 per cent in 2022-23. With 18,780 workers employed in the sector in 2022-23, the sector employs 5.5 per cent of the industrial workforce in MP.

Comparison with All-India

MP's contribution in India's electronics industry appears relatively modest, with only 2.2 per cent of the total number of factories, 1.8 per cent of real output, and approximately 2 per cent of the workforce.

⁵ The ASI data does not provide statistics for service sector. Since the key numbers for IT and ITes sector are not available, only the information available for electronics sector available from ASI is presented.



Economic Performance of Madhya Pradesh

4.1 Macroeconomic Performance

Located in central India, Madhya Pradesh (MP) is popularly known as the 'Heart of India'. Along with being the second largest state of the country by area, it is also one of the fastest growing states with the annual real GSDP growing at a CAGR of 6.1 per cent in the last decade (FY14- FY24), higher than the compound

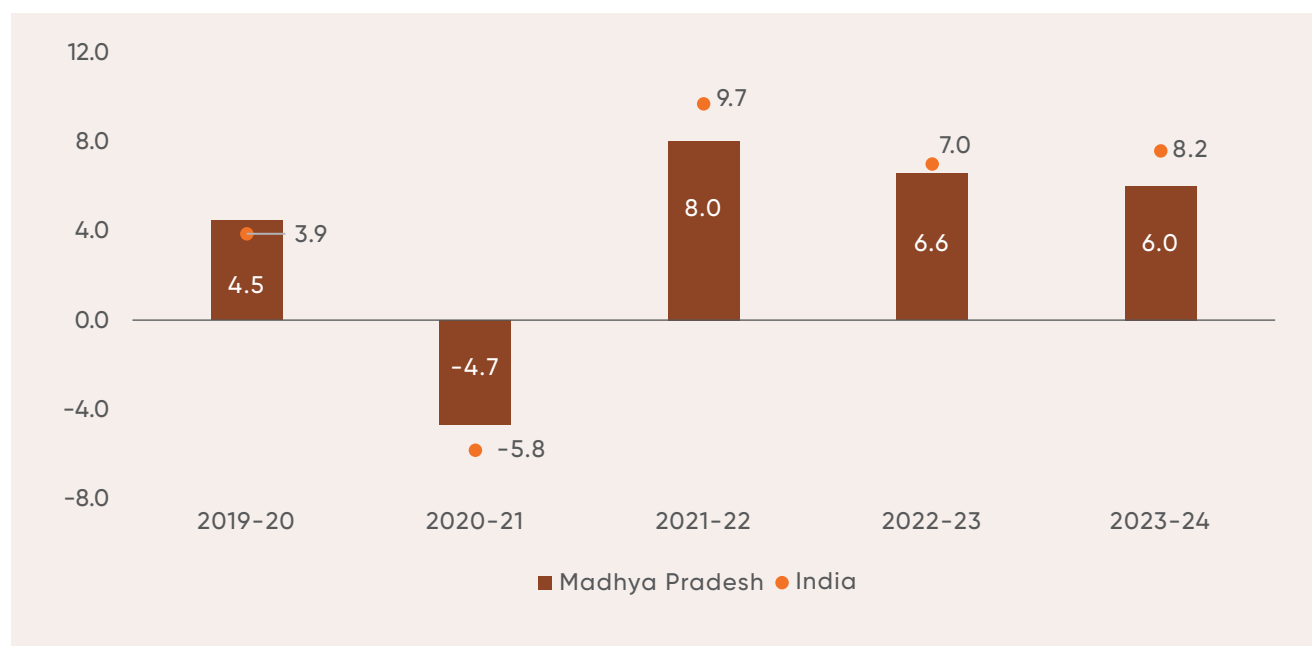
growth of 5.8 per cent for India during the same period.

MP is India's tenth largest state by GSDP in 2022-23⁶, contributing 4.6 per cent to country's gross domestic product, an increase from 3.9 per cent seen a decade ago.

In real growth terms, before the covid pandemic hit in 2020-21, the state grew at an impressive 9.3 per cent in 2018-19 before slowing down to 4.5 per cent in 2019-20.

The pandemic made a dent in the growth rate, pushing the state economy into the degrowth territory as it contracted by 4.7 per cent in 2020-21. Growth recovered thereafter to log an impressive 8.0 per cent in 2021-22, albeit attributable primarily to a low base. With the normalisation of economic conditions, real growth of MP came at a revised 6.6 per cent in 2022-23 and 6.0 per cent in 2023-24.

Chart 5: Comparative analysis of GDP growth rate of Madhya Pradesh and India (y-o-y%)



Source: MoSPI

Despite growing at a healthy growth rate, MP lags the national average in terms of per capita income, (see Chart A1 in Annexure). Out of 33 States and UTs, MP ranks at 27th place in terms of per capita income⁷ as its population growth rate has exceeded its GDP growth.

The five-year (FY16 – FY20) pre-pandemic average per capita income for the state stood at Rs 82,523 against Rs 1,14,637 for India during the same period.

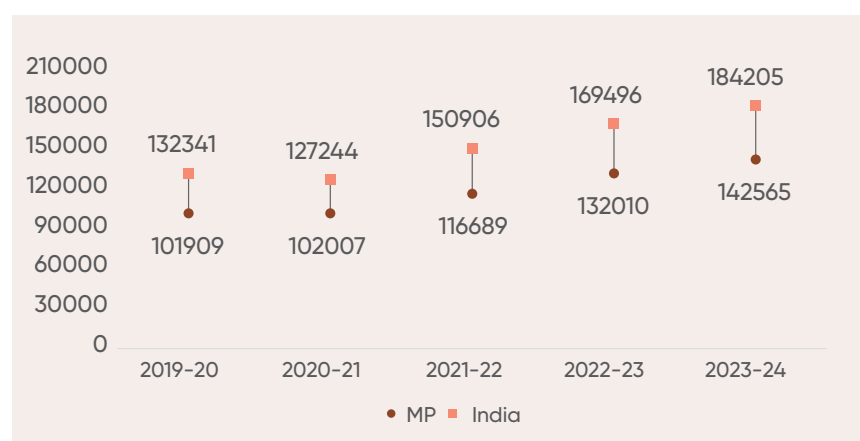
However, in the recent period, Madhya Pradesh has shown a continuous increase in per capita income, with the levels rising from Rs 1,01,909 crore in

2019-20 to Rs 1,42,565 in 2023-24. Several factors could be attributed to this rise, the primary ones being better financial management and financial inclusion in the state, along with a significant increase noted in food grain production and higher investments due to industrialisation among others.

⁶ Data for all states not available for 2023-24 at the time of writing the report

⁷ In 2022-23 (data for all states and UTs not available for 2023-24)

Chat 6: Per capita income for Madhya Pradesh and India (Rs, at current prices)



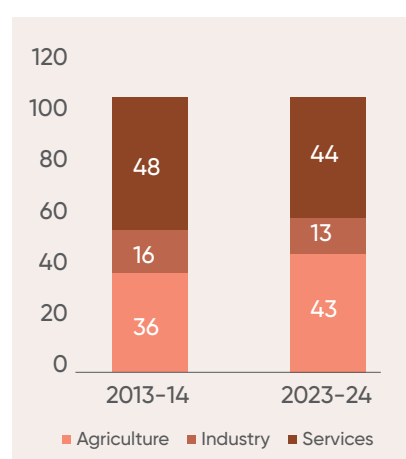
Note: 2023-24 data for India is as per the second advance estimates

Source: MOSPI

Sectoral Composition of GDP

There has been a shift in the sectoral composition of Madhya Pradesh from a service dominant economy in 2013-14 to an agriculture led economy in 2023-24. The share of agriculture in states' gross value added (GVA) in nominal terms has witnessed an uptick, followed by a moderation in share of industry and services.

Chart 7: Sectoral composition of Madhya Pradesh (% share in GVA)



Note: Services here includes construction

Source: MOSPI

The agriculture & allied sector comprises 43 per cent of the states' GVA in 2023-24, which has notably increased in the last ten years, from 36 per cent in 2013-14. On the contrary, the share of services⁸ sector witnessed a slip from 48 per cent to 44 per cent in the last ten-year period. Concurrently, the share of industrial sector too, underwent a moderation in the last decade to 13 per cent in 2023-24 from 16 per cent in 2013-14 in nominal terms.

MP has been a champion state in the development of agriculture & allied sector for more than a decade now. Main crops grown in the state include maize, wheat and paddy. MP is also a major producer of pulses (lentil, urad and gram), the production of which grew at an impressive annual rate of 18.5 per cent in 2022-23⁹.

Among the commercial crops, mustard, soyabean and cotton are the main commercial crops grown in

the state. The robust production of the key crops grown in MP helped it log an agriculture sector growth of 3.0 per cent in 2023-24 as compared to the 0.7 per cent growth seen at national level, though it was lower than the five-year (FY16 – FY20) pre-pandemic average growth rate of 7.8 per cent in the state. The lower growth in 2023-24 can be attributed to uneven rainfall during the year.

However, with a reasonably impressive agriculture growth rate over the years, MP has been the recipient of the **Krishi Karman Award**¹⁰ consecutively for the last seven years. Interestingly, no other state has received the award for these many years in a row¹¹.

Services¹² sector has the second largest share in the states' output in 2023-24. Within the service sector, trade, repair, hotels & restaurants hold the largest share, accounting for 23 per cent of the sector's output, with construction also making a substantial contribution. Service sector in the state recorded a real growth of 7.4 per cent in 2023-24 compared to five-year (FY16-FY20) pre-pandemic average growth of 6.9 per cent, slightly lower than the national growth of 7.9 per cent during the year.

The industrial sector has the lowest share in states' output. Among the sub-sectors of industry, manufacturing sector has the highest share followed by electricity, gas & water supply, and mining & quarrying.

⁸ Services sector includes construction

⁹ Data taken from the Madhya Pradesh Economic Survey 2022-23

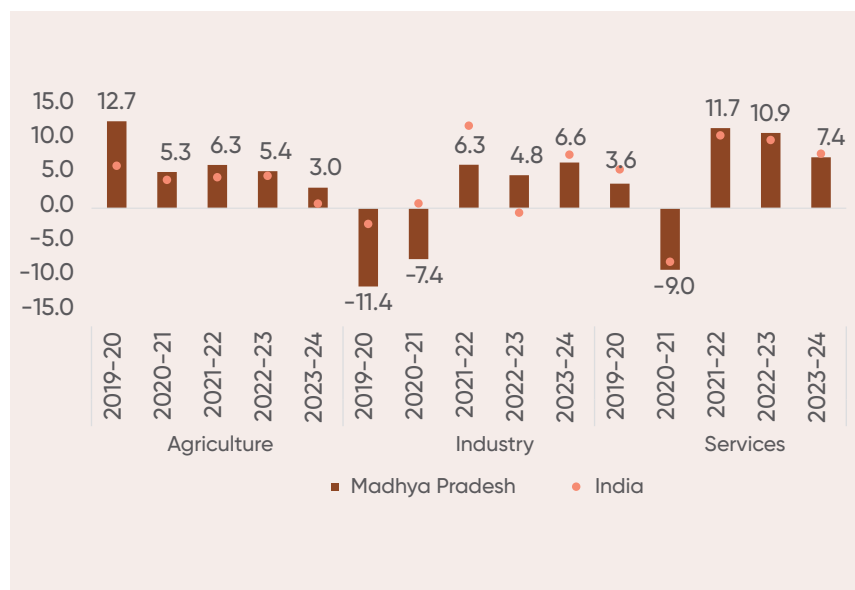
¹⁰ Krishi Karman Awards were instituted in the year 2010-11 to reward the best performing State in terms of raising country's food grain production.

¹¹ <https://www.pib.gov.in/PressReleaseDetailm.aspx?PRID=1890843>

¹² Services sector includes construction

The state has been working diligently on the **'Atmanirbhar Madhya Pradesh Roadmap 2023'**, with a focus on scaling up industries, improving market linkages, developing infrastructure along with streamlining the financial institutions for better access to credit, especially for the MSME sector. As a result of these favourable policies, industrial growth in the state stood at 6.6 per cent in 2023-24 as compared to the national industrial growth of 8.3 per cent and five-year (FY16-FY20) pre-pandemic average growth of 9.9 per cent. Going forward, new industrial parks and industrial corridors being developed in the state will help boost the industrial sector growth in MP further.

Chart 8: Sectoral growth rate (y-o-y%)



Note: Services here includes construction

Source: MOSPI

4.1.1 Key Building Blocks of Growth

A. Consumption

As per the latest round of Household Consumption Expenditure Survey (HCES) for 2023-24 released by National Statistical Organisation, Madhya Pradesh's average nominal monthly per capita consumption expenditure (MPCE)¹³ has shown a steady rise in 2023-24 in both rural

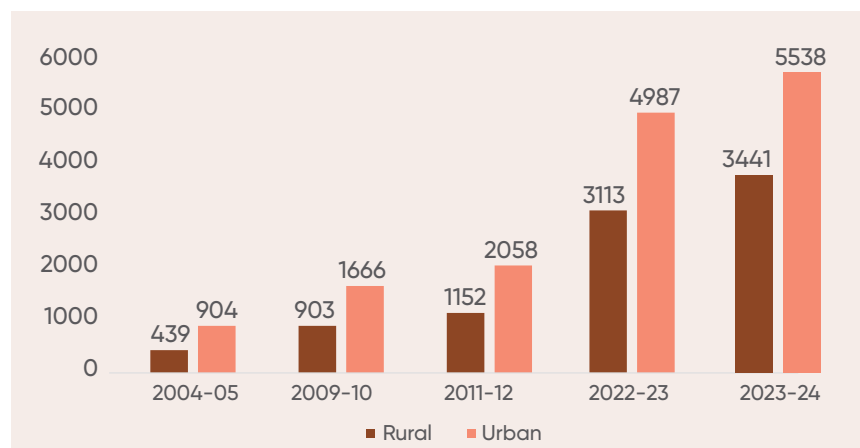
and urban areas from its level in the previous three rounds. The average MPCE in urban areas has grown by an exponential 513 per cent to stand at Rs 5,538 as compared to Rs 904 in 2004-05. Similarly, the average MPCE in rural areas too has witnessed a robust growth of 684 per cent to Rs

3,441 from its level in 2004-05.

However, the MPCE in MP lags the all-India average in both rural and urban areas. In rural areas, MP's average MPCE in 2023-24 stood 16.5 per cent lower at Rs 3,441 against the national average of Rs 4,122, while in case of urban areas, MP's average MPCE stood 20.8 per cent lower at Rs 5,538 as compared to the national average of Rs 6,996 during the same period.

There is significant variation seen in average MPCE levels in rural and urban areas across states too. Even though MP has a higher urban-rural MPCE difference at 60.9 per cent than many of the states, it is still lower than the difference at national level (69.7 per cent) [see Table A1 of Annexure].

Chart 9: Average monthly per capita consumption expenditure (MPCE) (in Rs)



Source: MOSPI

¹³ Without imputation

B. Investment

Madhya Pradesh has been working diligently over the past decade to develop the state as an industrial hub and promote it as a potential investment hub. A few initiatives recently undertaken by the government to fructify this are as follows:

- Madhya Pradesh is said to host one of the twelve Japanese Industrial Townships to be established in India, as envisioned under "The India Japan Investment Promotion Partnership" at Pithampur, Indore.
- It has also developed an Industrial Township specifically focused on Southeast and Far East Asian investors.
- Further, MP is also developing four investment corridors (Bhopal-Indore, Bhopal-Bina, Jabalpur-Katni-Satni-Singrauli, Morena-Gwalior-Shivpuri-Guna) to promote industrial development and employment opportunities.

Table A2 in Annexure gives a list of top projects announced recently in the state. These sustained efforts have helped to create a more conducive environment for investments in Madhya Pradesh, which will

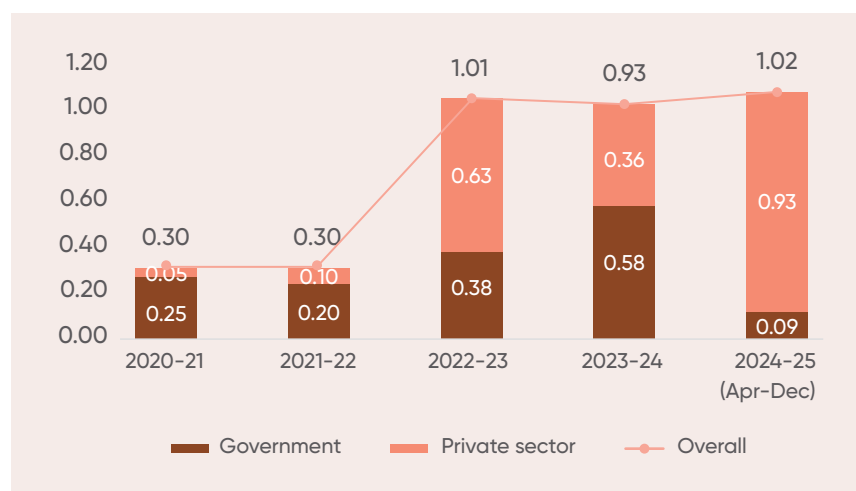
in turn help drive up its economic growth. The results are visible in the swift improvement seen in MP's ease of doing business ranking under the Business Reforms Action Plan (BRAP) released by DPIIT. **As per BRAP 2022, MP has been recognised as one of the 'Top Achievers' as compared to the 'Achievers'¹⁴ category in BRAP 2020.**

Looking at the early trends in overall new project announcements in Madhya Pradesh using data from the CMIE Capex database, which is regarded as the proxy for investor sentiment, the overall new project announcements in the state, grew by 21.1 per cent to Rs 1.02 lakh crore in April-December 2024 from Rs 0.84 lakh crore in April-December 2023. The

new project announcements for the full year 2023-24 stood at Rs 0.93 lakh crore. Interestingly, the overall new project announcements in Madhya Pradesh comprised of about 5.4 per cent of India's new project announcements during the said period.

New project announcements by the private sector almost tripled on an annual basis between April-December 2024, standing at Rs 0.93 lakh crore as compared to Rs 0.33 lakh crore in April-December 2023. On the contrary, new project announcements by the government fell by almost 83 per cent, standing at Rs 0.1 lakh crore in April-December 2024 compared to Rs 0.51 lakh crore in the corresponding period the previous year.

Chart 10: Trend in new project announcements (Rs lakh crore)



Source: CII Research Analysis using CMIE Capex Database

¹⁴ From 2020 onwards, as compared to the conventional practice of announcing ranks, the Ministry of Commerce & Industry has changed the system of ranking States/UTs to be category based- Top Achievers, Achievers, Aspirers and Emerging Business Ecosystem

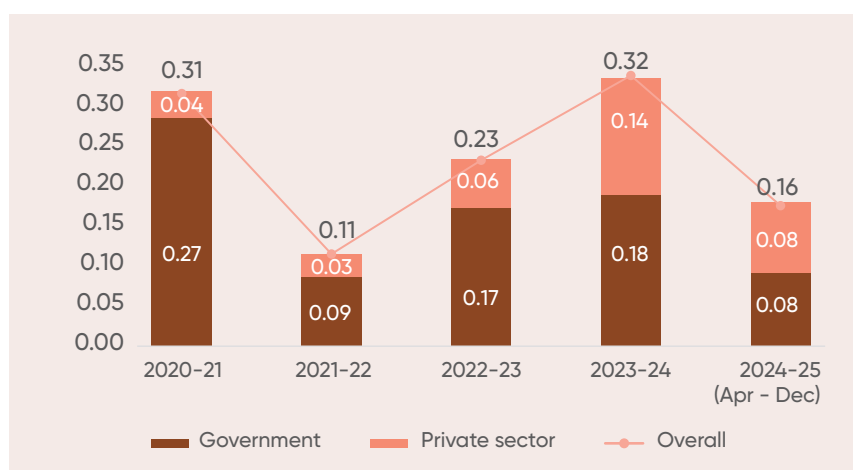
Moreover, on the positive side, the state has received investment proposals worth more than Rs 3.75 lakh crore from six Regional Industry Conclaves organised between March and December 2024¹⁵. Furthermore, the 'Regional Industry Conclave' held in January 2025 attracted investment proposals worth Rs 32,500 crore in the state. Among the major investments, Bajrang Power and Ispat proposed investment worth Rs 3,300 crore, Sharda Energy and Mineral Ltd promised Rs 2,500 crore and DDTC Exim Ltd promised Rs 1,200 crore worth investment in the textile sector.¹⁶ All these are likely to help drive investments in the state. While the new project announcements witnessed an uptick on an annual basis between April-December 2024, the value of completed projects¹⁷ contracted by 5.4 per cent on an annual basis during the same period, led by decline in value of

completed projects by the government. On the contrary, value of completed projects by the private sector grew by a healthy 40.3 per cent between April-December 2024.

Majority of the completed projects by the private sector were under hotels & restaurants, housing construction, drugs & pharmaceutical, textile processing and renewable electricity.

On the sectoral front, electricity sector comprised of 43 per cent of the total completed projects in April-December 2024. Sectors such as manufacturing, mining and construction & real estate followed suit accounting for 28.7 per cent of the overall completed projects pie. Services (other than financial) alone comprised of 17.6 per cent of the total completed projects, out of which most of them came from transport services.

Chart 11: Trend in value of completed projects (Rs lakh crore)



Source: CII Research Analysis using CMIE Capex Database

C. Exports

MP has a diverse resource potential and a robust production network. However, given its size, its performance of exports leaves scope for a lot of improvement. MP's share in India's export basket, though has risen to 1.8 per cent in 2023-24 from 1.3 per cent in 2014-15, remains quite low. Noteworthy, other

landlocked states like Haryana (share at 3.5 per cent), Telangana (share at 2.5 per cent), Uttar Pradesh (share at 4.8 per cent) contribute more to India's exports than Madhya Pradesh.

As per the recent trends seen in the exports' trajectory in the state, merchandise exports stood at US\$5.74

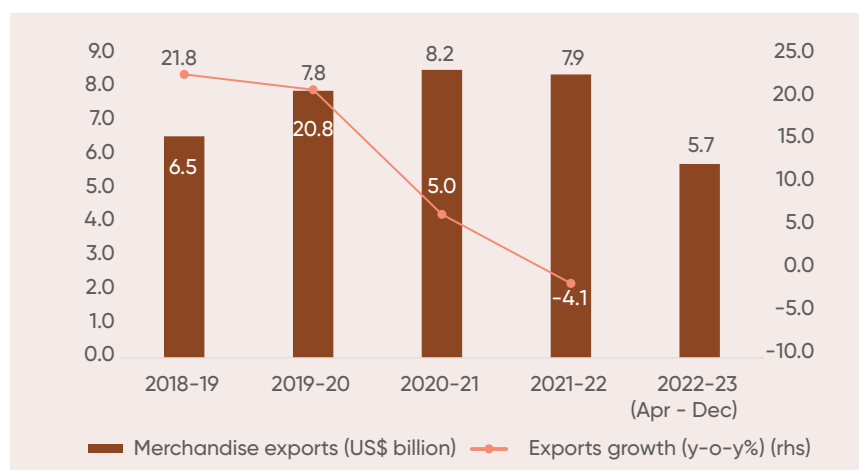
billion in April-December 2024, the same level in the corresponding period of previous year. However, in 2023-24, merchandise exports from MP stood at US\$7.88 billion, 4.1 per cent lower than US\$8.22 billion worth exports in 2022-23. Notably, 40 per cent of total shipments was exported from Nhava Sheva and SEZ Indore port.

¹⁵ <https://tennews.in/mp-receives-investment-proposals-worth-over-rs-3-75-lakh-crore/>

¹⁶ https://www.business-standard.com/politics/regional-industry-conclave-to-get-rs-32-520-cr-in-investments-mp-cm-yadav-125011601284_1.html

¹⁷ A project in CapEX database is counted under 'Completed' when it begins commercial production or when it starts providing the services it intended to. Completed projects provide a history of events leading up to completion. These events vary from industry to industry and also from project to project

Chart 12: Exports trajectory of Madhya Pradesh



Source: Niryat portal, Ministry of Commerce & Industry

In terms of direction, the state exports to more than 200 countries, with most of its exports going to US, Bangladesh, China, South Korea, Germany, Thailand, UAE, Nepal and France.

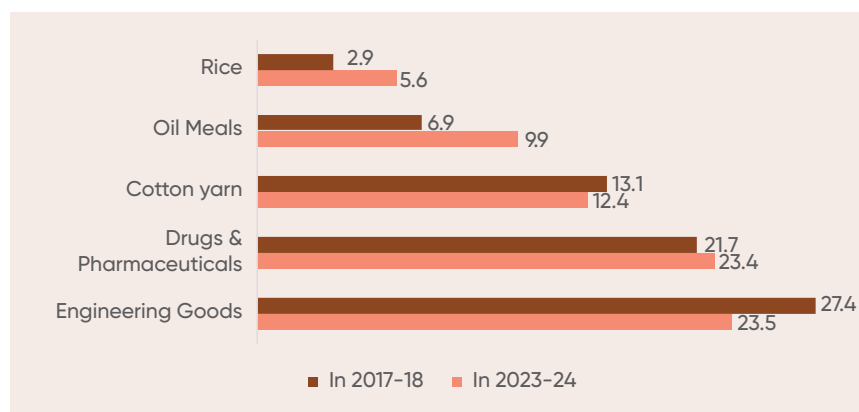
Commodity-wise, the main goods exported from the state include drug formulations, aluminium, oil meals, and cotton fabrics.

Going forward, with the Government of India

providing a special thrust on pushing exports from the country, it becomes imperative for MP to contribute effectively to propel India to achieve national merchandise export target of US\$1 trillion by 2030. Towards achieving this objective, the state government has set a goal of leapfrogging MP to the top 3 export-oriented states over the medium-term. The state has been ranked 12th as per the Export Preparedness Index 2022 rankings released by NITI Aayog, while other landlocked states such as Haryana, Telangana, Uttar Pradesh and Punjab have performed better.

Central Government's goalpost could be achieved with the concerted focus of the state government to harness better opportunities for exports in sectors such as electronic equipment, engineering, automobile, soya, wheat, agriculture, spices, cotton yarn and other sectors, which will help expand the scope of exports for the state¹⁸.

Chart 13: Top 5 commodities exported by MP (% share in total exports)



Source: Niryat portal, Ministry of Commerce & Industry

4.1.2 Inflation

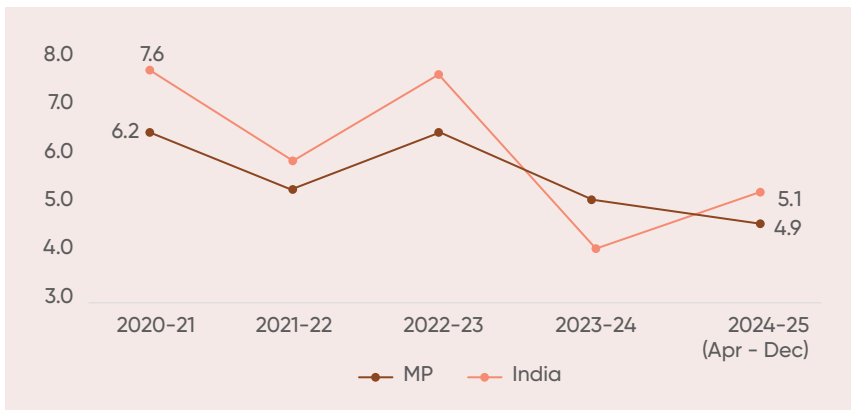
Inflation (as measured by the consumer price index) in MP eased from a two-year high of 7.5 per cent in 2022-23 to 4.4 per cent in 2023-24. This is lower than the national print of 5.4 per cent in 2023-24 but a tad higher than the five-year (FY16-FY20) pre-pandemic

average of 3.9 per cent. Furthermore, a breakup between rural and urban region shows that price pressures were slightly higher in urban areas at 6.2 per cent in the period FY20-FY24 than rural areas at 6.1 per cent during the same period. The trend is pretty much in sync with the national level. During

the first nine months of the current fiscal year (April-December FY25), the inflation rate in the state increased to 5.1 per cent, up from 4.3 per cent in the same period last year, primarily due to higher food inflation.

¹⁸ <https://www.mpinfo.org/Home/TodaysNews?newsid=20230112N70&fontname=FontEnglish&LocID=32&pubdate=01/12/2023>

Chart 14: Inflation trajectory (y-o-y%)



Source: MOSPI



4.2 Fiscal Performance of Madhya Pradesh

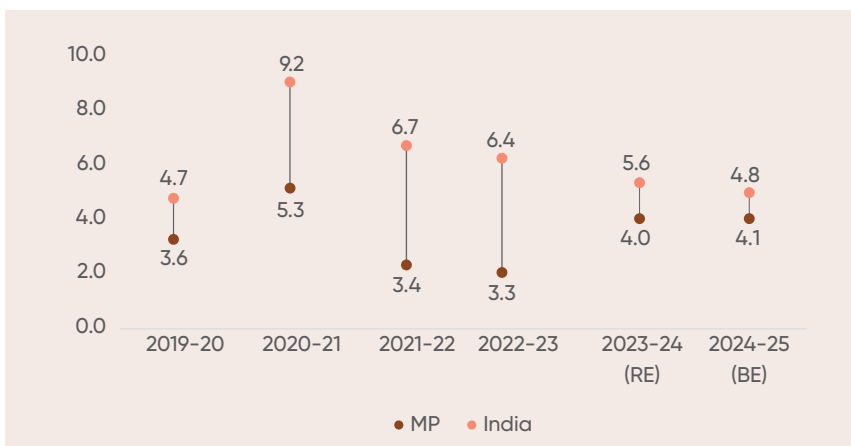
Over the past decade, Madhya Pradesh has been one of the few states to maintain a revenue surplus through effective fiscal management, increased revenue generation, and controlled expenditure. Since 2021-22, it has consistently run a revenue surplus for three consecutive years and is projected to achieve a surplus of Rs 1,700 crore in 2024-25. However, the state's fiscal deficit has not met the

3.0 per cent of GSDP target set under the Fiscal Responsibility and Budget Management (FRBM) Rule in the last five years, with the fiscal deficit generally hovering around the target.

If we look at a longer trend, MP's fiscal deficit as a percentage of GSDP averaged 3.2 per cent in the five-year period before the pandemic (FY16 – FY20), lower than 3.8 per cent of the

Centre during the comparable period. While the pandemic led spending spiked the fiscal deficit in the state to a high of 5.3 per cent of GSDP in 2020-21, thereafter its fiscal deficit moderated to 4.0 per cent in 2023-24 (as per revised estimates) on account of fiscal discipline exercised by the state. However, its fiscal deficit is budgeted to increase marginally to 4.1 per cent of GSDP in 2024-25.

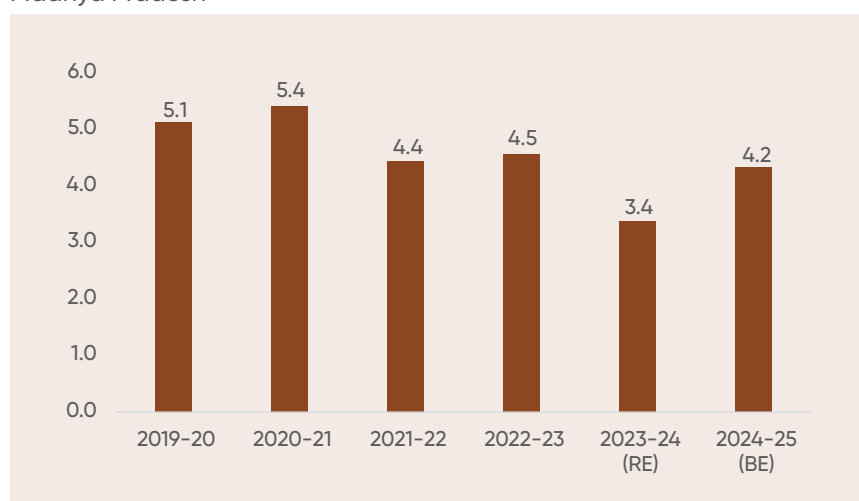
Chart 15: Fiscal Deficit as a percentage of GDP (%)



Note: RE is revised estimates and BE is budgeted estimates
Source: MP budget documents, RBI

Madhya Pradesh has also seen a distinct improvement in the quality of expenditure as seen in the sharp moderation in the ratio of revenue expenditure to capital outlay (RECO). Notably, RECO moderated to 3.4 as per the revised estimates in 2023-24 from a high of 5.4 in the pandemic year of 2020-21. However, the ratio is budgeted to rise to 4.2 in 2024-25, largely due to a cut in capital spending by the State.

Chart 16: RECO (Revenue Expenditure to Capital Outlay) ratio in Madhya Pradesh



Note: RE is Revised estimate and BE is Budget estimate
Source: MP budget documents, RBI

Revenue expenditure of MP as a percentage of GSDP is budgeted to rise to 17.2 per cent in 2024-25 from 17.0 per cent in 2023-24 (as per revised estimates). However, this is slightly lower than 17.4 per cent of GSDP in the pandemic year of 2020-21. The increase in revenue expenditure in 2024-25 is primarily due to higher allocations of committed expenditure (salaries, pensions, interest payments and subsidies) along with a focus on improving public services and welfare schemes. Almost 61 per cent of the revenue expenditure has been devoted for development purpose, especially the social sector in 2024-25.

On the contrary, MP has budgeted a cut back in its capital expenditure in 2024-25 by almost 8 per cent to Rs 0.61 lakh crore. The Centre's 'Scheme for Special Assistance to States for Capital Investment' since 2020-21 has helped to bolster the capex to GSDP ratio in

the state. The ratio has maintained a robust trajectory in the state, surpassing even the national number. Capex ratio is budgeted at 4.0 per cent in 2024-25 as compared to an all-India print of 3.1 per cent. The public capex spending for the state has risen by 2.7 per cent in 2024-25 so far (April to November) to stand at Rs 0.36 lakh crore as compared to Rs 0.34 lakh crore in the corresponding period last year.

From the receipts side, revenue receipts are budgeted to grow by 13.6 per cent in 2024-25, the same pace as in the previous fiscal. Notably, bulk of the revenue receipts comes from tax revenues (~75 per cent), with ~51 per cent of being accounted by states own tax revenue and remaining by its share in central taxes. These shares have remained relatively stable over the years. However, the state's own tax revenue to GSDP ratio has stagnated around 6-7 per cent in the last

decade. This ratio can be enhanced by enhancing the tax base, rationalising the tax rates and improvement in tax administration & collection.

On the debt front, the debt to GDP ratio in the state, worryingly, has risen to 30.2 per cent in 2023-24 (as per revised estimates) from a low of 21.9 per cent in 2013-14. The ratio is further budgeted to increase to 31.6 per cent of GDP in 2024-25, which is much higher than the five-year (FY16-FY20) pre-pandemic average of 23.5 per cent. This print is also way higher than the 20 per cent threshold mandated under the FRBM framework for the states. It is useful to mention here that states such as Odisha, Maharashtra, and Gujarat have been able to adhere to the target level due to better fiscal discipline practiced by them.

The high indebtedness in MP is attributable to higher levels of committed expenditure¹⁹ in the state which has risen to 46 per cent in 2023-24 (as per revised estimates) from 38 per cent of the revenue expenditure in 2018-19. Further, it is budgeted at 45 per cent of the revenue expenditure in 2024-25. Major chunk of the committed expenditure is allocated to payment of salaries.

The debt servicing ratio, too, is a cause of worry. The ratio proxied by interest payments as a percentage of revenue receipts is budgeted at 10.4 per cent in 2024-25, higher than the pre-pandemic five-year (FY16-FY20) average of 8.2 per cent.

¹⁹ Committed expenditure includes expenditure on payment of salaries, pensions, etc

Box 1: Spending on Human Capital

Madhya Pradesh is one of the few states in India which has been spending a higher share of its total expenditure on education²⁰ over the years. The state has budgeted to spend 13.7 per cent of the total expenditure on education in 2024-25, higher than the average of 12.9 per cent seen in the post pandemic period of last three years (2021-22 to 2023-24).

MP's expenditure on healthcare, too, remains steady. The average expenditure on health in last three years (2021-22 to 2023-24) stood at 5.3 per cent. Hearteningly, the ratio is budgeted to improve to 6.2 per cent in 2024-25



4.3 Employment Trends

To achieve equitable economic growth and to broaden consumption demand, adequate job opportunities for those who choose to work is critical. It is also important for meeting the aspirations of youth and for inclusive development.

Employment-unemployment estimates remain an important barometer of the health of the Indian economy. The government has initiated many surveys in the past which provide a snapshot of the employment levels in the economy, the latest one being the annual PLFS (Period Labour Force Survey) since 2017-18. The results of the seventh round of the survey were released last year. We have made an attempt to assess the extent of job creation between 2017-18 and 2023-24 in the state.

Employment has been defined as = jobs (salaried plus casual) + self-employment

Our estimates using the annual PLFS survey shows that the overall employment in Madhya Pradesh increased by **11.7 million** in the seven-year period of 2017-18 and 2023-24. This compares to an increase of 153.4 million seen at all-India level during the same period.

The above-mentioned gain in employment in MP is attributable to an increase of **1.0 million** in jobs and **10.7 million** in the self-employed category. Hence, essentially, the sharp rise in employment numbers was mainly led by a sharp rise in the self-employed.

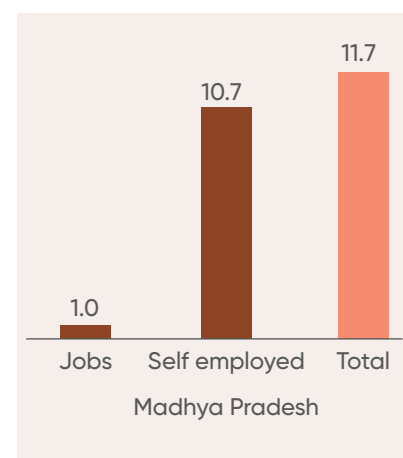
With regard to pattern of job creation, the trend shifted in favour of salaried jobs during the seven-year period, with nearly the entire increase in the 1.0 million additions to jobs coming from this cohort. Casual workforce in contrast, witnessed a reduction in jobs during this period.

FY18-FY24: Net addition to employment = 11.7 million

FY18-FY24: Net addition to jobs = 1.0 million

FY18-FY24: Net addition to self-employment = 10.5 million

Chart 17: Net addition to employment (million) between 2017-18 to 2023-24



Source: Different Rounds of PLFS & CII Research

²⁰ Includes expenditure on Sports, Art and Culture

Concomitant with a rise in employment levels, Madhya Pradesh has also witnessed a healthy increase in both overall Labour Force Participation Rate and Female Labour Force Participation Rate (FLFPR) over the seven-year time horizon. Infact, as per the latest round of PLFS, FLFPR improved sharply to 39.1 per cent in

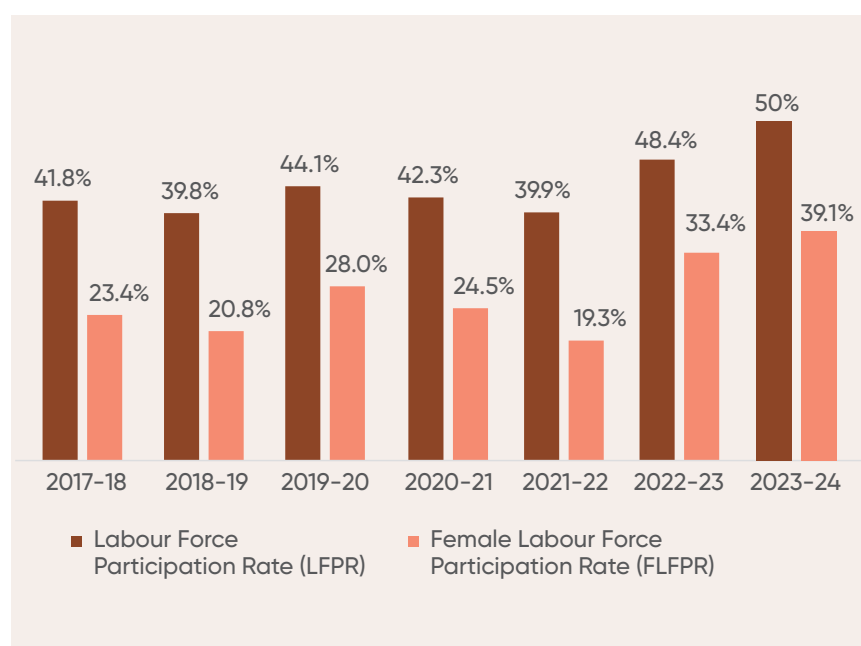
2023-24 from 33.4 per cent in the previous year. It even outshone the female participation rate of 31.7 per cent seen at all-India levels in 2023-24. This is a propitious sign and if it is sustained over a period of time, it will help to provide equal work opportunities to the female population.

ratio rose from 22.9 per cent in 2017-18 to 39.1 per cent in 2023-24.

Mirroring the moderation seen in unemployment levels (for all ages) at all-India levels over the last seven-year period, Madhya Pradesh too saw the unemployment levels coming down from a high of 4.5 per cent in 2017-18 to a low of 0.9 per cent in 2023-24. At all-India level, unemployment rate had moderated from 6.0 per cent to 3.2 per cent over the comparable period. Though there was a deceleration seen in both urban and rural regions, unemployment rate fell steeply in the rural areas than in urban in Madhya Pradesh. Importantly, unemployment levels among the youth (defined as the populace in the age bracket of 15-29 years), too, has come down from the double-digit levels of 12.0 per cent in 2017-18 to 2.6 per cent in 2023-24. This is much lower than the 10.2 per cent print seen in all-India in 2023-24.

A host of centre and state government schemes have contributed to bringing down the unemployment rate in the state. The state government run schemes such as Mukhya Mantri Yuva Swabhimani Yojana, Mukhya Mantri Gramin Berojgari Yojana, Mukhya Mantri Yuva Udyami Yojana are some of the key employment generating schemes.

Chart 18: Trend in Labour Force Participation Rates (%), All Ages



Source: Different Rounds of PLFS & CII Research

However, a mere addition to the labour force does not imply being gainfully employed. Hence, a look at the worker population ratio (WPR)²¹ is more pertinent.

Worker population ratio in the state has risen from 40.0 per cent in 2017-18 to 50.6 per cent in 2023-24. This rise has been particularly driven by rural areas where WPR rose from 41.7 per cent to 54.3 per

cent over this seven-year period. This implies that an increasing number of rural young are getting work in the state.

Looking at the gender dynamics, we find that more women are entering not only the labour force but also the workforce. More importantly, the rise in WPR has been primarily driven by women as women's worker participation

²¹ Percentage of employed persons in the population

BEST PRACTICES IN GENERATING GAINFUL EMPLOYMENT IN THE STATE

Rojgar Setu: Portal for Migrant Labourers for Permanent Employment in the State

With a view to provide employment opportunities to all those who had returned home, on or after 1 March, 2020, the state government launched the Rojgar Setu portal on 10 June. Employers and employment suppliers

could register themselves on the portal to search for eligible employees among the data of migrant workers uploaded by the district administration.

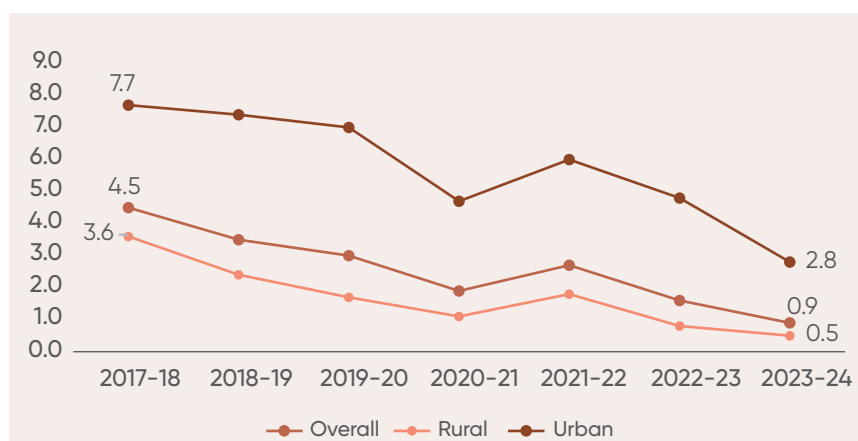
Skill mapping during the covid period through the 'Rojgar Setu' portal helped identify more than seven lakh skillful persons across the state. About 40,000 people who returned from other states leaving their permanent jobs got immediate employment in the state.

high at 61.6 per cent in 2023-24, which is much high as compared to the all-India share of 46.1 per cent. This is in tandem with a rising share of agriculture sector in the states' GVA which has risen to 43 per cent in 2023-24 from 36 per cent in the last decade.

The second highest net addition to employment was seen in the services sector to the tune of 2.9 million, registering a CAGR of 5.2 per cent over the comparable seven-year period. Within services, trade (wholesale & retail) was the highest contributor to employment, with its share rising to 7.82 per cent in 2023-24 from 6.98 per cent in 2017-18. Construction sector was the second highest contributor to employment within the services sector, with a net addition to employment to the tune of 0.9 million, growing at a CAGR of 4.5 per cent.

Industry saw addition to employment to the tune of 1.3 million in the seven-year period, with manufacturing accounting for the lion's share of this increase. The share of industry in employment remains low at 7.3 per cent in 2023-24 as compared to 12.3 per cent share at all-India level. The low share of industry in employment is not particularly desirable as manufacturing has high employment elasticity and produces better quality jobs than agriculture. At the same time, skilled professional and financial services are inherently more productive due to their tech-based nature.

Chart 19: Unemployment rate (%) for all ages



Source: Different Rounds of PLFS & CII Research

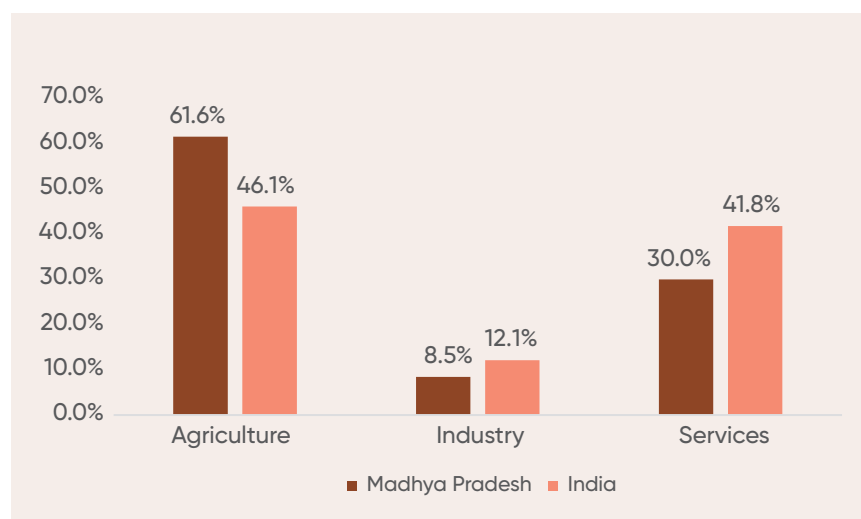
Even as unemployment levels have come down in the state, a worrying factor is the prevalence of high unemployment rates in graduate and post graduate cohort. Even though the rates have come down over a seven-year period, they remain high – unemployment rate for graduates and postgraduates stood at 6.4 per cent and 6.8 per cent respectively in 2023-24 as

compared to 12.5 per cent and 9.0 per cent in 2017-18.

Sectoral pattern of employment

Among the major GVA sectors, the net addition to employment was the highest in agriculture sector between 2017-18 and 2023-24 at 7.4 million, registering a CAGR of 6.7 per cent. The share of agriculture in employment has also continued to remain

Chart 20: Share in employment in 2023-24 (%)



Note: Construction is included under Services

Source: Various rounds of PLFS and CII Research

Table 11: Employment by sector (in million)

	2017-18	2023-24	Net addition to employment	CAGR growth (%)
Agriculture	15.6	23.0	7.4	6.7
Industry	1.8	3.2	1.3	9.4
Services	8.3	11.2	2.9	5.2
Mining	0.1	0.1	-0.1	-8.8
Manufacturing	1.6	3.0	1.4	11.3
Electricity, Gas & Water Supply	0.1	0.1	0.0	-4.7
Construction	2.9	3.8	0.9	4.5
Trade [Wholesale and Retail]	1.8	2.9	1.1	8.4
Transport	0.7	1.0	0.3	7.4
Hospitality	0.2	0.6	0.3	16.7
Others	2.7	2.9	0.2	1.4

Note: Construction is included under Services

Source: Various rounds of PLFS and CII Research



The Interventions Matrix

Madhya Pradesh's Positioning

As we crystal gaze the economic future of Madhya Pradesh, it should aspire for the following positioning in the national space:

“

“move into the league of **top three largest State economy** from the current position of tenth²² by increasing the share of manufacturing and improving its attractiveness as an investment destination”

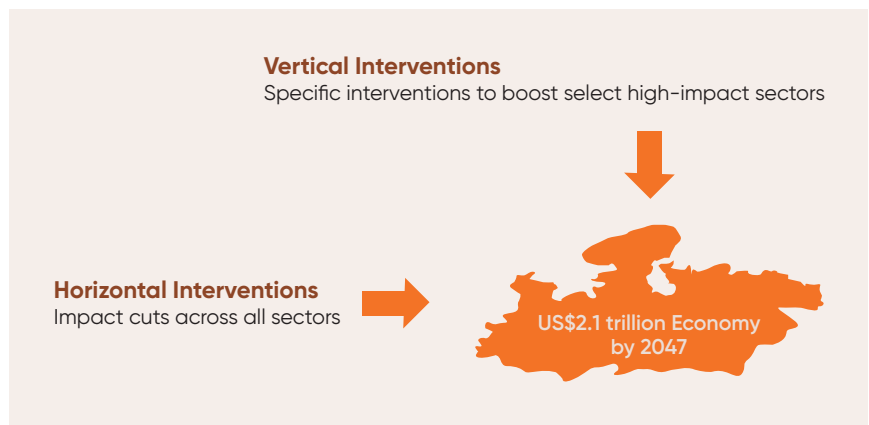
”

The Interventions Matrix

Achieving the ambitious US\$2.1 trillion GDP target by 2047-48 will require a combination of **Horizontal** and **Vertical** interventions.

Horizontal interventions impact all sectors, resulting in overall growth of the Madhya Pradesh economy. In addition, special interventions to give further impetus to identified high-impact sectors, termed as **Vertical** interventions, will help enhance growth.

THE INTERVENTIONS MATRIX



The Interventions Matrix

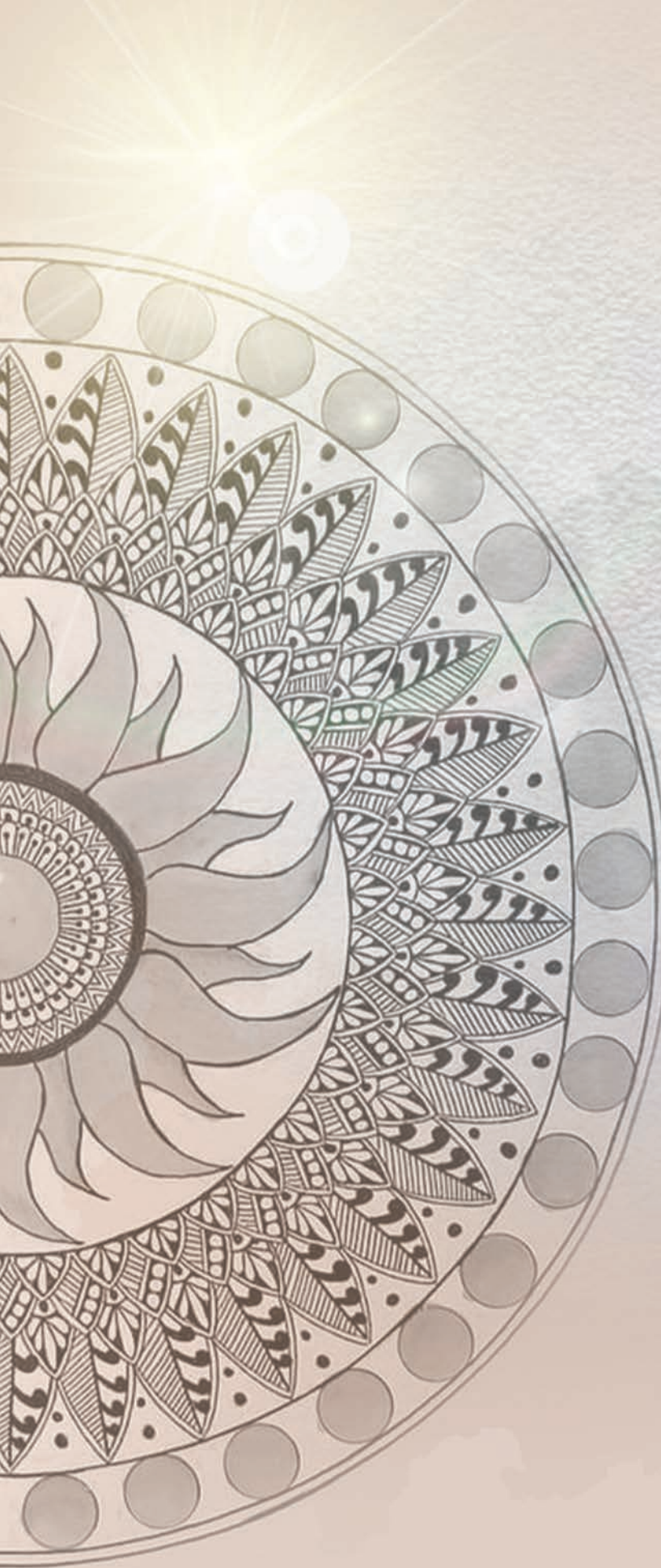
Achieving an approximately US\$ 2.1 trillion GDP target will require an orchestrated effort on numerous fronts, as summarised in the schematic overleaf.

THE INTERVENTIONS MATRIX

The Horizontal Interventions Matrix		The Vertical Interventions Matrix	
Foundational Pillars	Game Changers	High-Impact Sectors	Sunrise Sectors
<ul style="list-style-type: none">• Infrastructure push• Job creation and availability of skilled workforce• Ease of doing business• Scaling up MSMEs	<ul style="list-style-type: none">• Boosting exports• Deep tech innovation• Green transition• Strengthening the institutional mechanism	<ul style="list-style-type: none">• Agri-business and Food Processing• Textile and Apparel• Automobile & Auto components• Pharmaceuticals, Medical Devices & Healthcare• Petrochemical and Natural Gas• Logistics & Warehousing• Tourism	<ul style="list-style-type: none">• IT, ITeS and ESDM• Defence & Aerospace• Renewable energy

The following sections describe each of these interventions in detail.

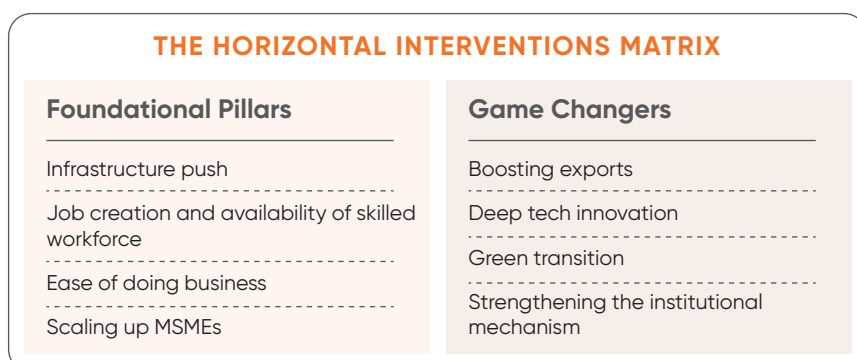
²² In 2022-23



Overview of Horizontal Interventions

The Horizontal Interventions Matrix

of the Horizontal interventions matrix has been summarised in the schematic below.



Dimensions of the Horizontal Interventions Matrix

The 8 dimensions comprising the Horizontal Interventions Matrix are summarised below and elaborated in the table below.

Foundational Pillar

1. Infrastructural Push
2. Job creation and availability of skilled workforce
3. Ease of doing business
4. Scaling up MSMEs

Game changers

5. Boosting exports
6. Deep tech innovation
7. Green Transition
8. Strengthening institutional mechanism

Infrastructure Push	Interventions
Enhance transportation infrastructure	<ul style="list-style-type: none"> • Develop more multi-modal logistics parks (MMLPs)²³ in addition to the first one²⁴ being developed in Indore and to facilitate seamless delivery of goods. • Establish more air cargo hubs in major cities and expand capacity of existing ones²⁵ to ensure speedy delivery of goods and boost exports. • Digitize logistic operations by leveraging GIS technology, GPS trackers, RFID, etc. to ensure real time tracking and optimization of supply chains. • Enhance air connectivity by development and expansion of domestic and international airports to improve accessibility. The recent announcement regarding development of Guna and Shivpuri airports²⁶ under the UDAN (Ude Desh ka Aam Nagrik) scheme which is expected to boost regional connectivity is encouraging.

²³ MMLP is an integrated facility which offered integrated logistics and distribution services, facilitating modal shift between road and rail, lowering handling costs.

²⁴ The project will be implemented on a design, build, finance, operate and transfer (DBFOT) mode and will be completed in three phases, with phase-1 expected to be operational by 2025.

²⁵ Air cargo facilities have already been launched in Bhopal's Raja Bhoj Airport and Indore's Devi Ahilya Bai Holkar Airport

²⁶ <https://www.thehindubusinessline.com/economy/logistics/madhya-pradesh-to-boost-regional-connectivity-with-development-of-guna-and-shivpuri-airports-under-udan-scheme/article67921164.ece>

Infrastructure Push	Interventions
Develop industrial parks and smart city infrastructure	<ul style="list-style-type: none"> Develop more sector-specific industrial parks and SEZs in addition to the ones already there²⁷, with a focus on the key thrust sectors in the state such as automobile, textile, food processing, renewable energy, etc. Develop smart city infrastructure including ICT networks, smart buildings, energy and waste management solutions, public safety measures, etc. to enhance urban infrastructure and quality of living²⁸.
Building green infrastructure	<ul style="list-style-type: none"> Develop eco-friendly industrial parks and hubs to reduce carbon emission and integrate renewable energy sources into the energy infrastructure of existing parks and clusters. Offer incentives for industrial units investing in renewable energy generation to reduce reliance on fossil fuel and grid electricity.
Job Creation and Availability of Skilled Workforce	
Focus on employment elastic sectors	<ul style="list-style-type: none"> Prioritize sectors with high employment elasticities, such as textiles, leather, rubber and plastic manufacturing, etc. to accelerate job creation, for policy formulation and offering financial incentives. Provide incentives such as tax exemptions, training support, infrastructure support, etc. to these labour-intensive sectors to attract investments and offer financial incentives to promote employment generation.
Setting up of Skill Parks	<ul style="list-style-type: none"> Set up more Skill Parks across the states, like the Global Skill Park in Bhopal²⁹, which provides quality training programs in engineering manufacturing sectors. Specifically, Skill Parks could be set up in sectors such as textile, food processing, pharmaceutical, etc.
Industry participation in skill development	<ul style="list-style-type: none"> Encourage industry to partner, train and place enrolled students under the Flexi MoU Policy³⁰. Promote development and recognition of industry certifications by encouraging businesses to participate in accreditation process and recognizing certification for job placement and career advancement.
Upskilling and reskilling initiatives	<ul style="list-style-type: none"> Conduct skill gap analysis amongst industries and attempt to get trades updated in ITI's and professional courses run by universities in the state. Design training programs in collaboration with research institutions and industry for specific sectors that are experiencing skill shortages or undergoing rapid technological transformations, such as IT & ITeS, automobile and renewable energy manufacturing space. Promote key policies of the State Government like Apprenticeship Scheme, Craftsman Training Scheme which promises opportunities in the near future. Provide financial incentives to employers investing in skilling and upskilling their workforce.

²⁷ Over the last years, MP has developed SEZs and sector specific parks like SEZ Pithampur, Crystal IT Park, Plastic Park in Tamot and Gwalior, Logistics park Shivpuri, Vikram Udyogpuri, Ujjain, Spice park, Chhindwara, among other. Additionally, one multi-product SEZ is proposed in Chhindwara.

²⁸ There are 7 smart cities in MP including Indore, Bhopal, Jabalpur, Gwalior, Sagar, Satna and Burhanpur. Indore won the best city and MP the best state award in India Smart Cities Awards 2022 under the PM's Smart Cities Mission.

²⁹ Sant Shiromani Ravidas Global Skill Park has been set up in Bhopal with the help of Govt of Singapore which runs six empanelled Centres and specialised courses for skill development

³⁰ Flexi MoU scheme allows industries to train candidates as per their skill set requirements and provides trainees with an industry environment aligned with the market demand and latest technology to undergo training

Ease of Doing Business

Effectively implement Single Window System (SWS)

- Increase awareness about Single Window System (SWS) among industry members through awareness campaigns and incentivize them to transition from manual filing processes to SWS.
- Ensure seamless integration of all government departments into SWS and its integration with National SWS for unified clearance and approval process.
- Establish real-time dashboard accessible to investors to track their applications.
- Regularly conduct surveys for collecting feedback from users to continuously improve its functionality and user experience.

Streamline land acquisition and registration process

- Simplify and expedite land acquisition and registration process by digitizing land records and modernizing land administration systems.
- Provide online access to updates land records.
- Reduce stamp duty³¹ and registration charges to make them competitive with other states.
- Provide clear guidelines and regulations regarding land acquisition to minimize ambiguity and educate industry about land acquisition laws and procedures.

Integrate inspections and provide timely clearances

- Implement centralized inspections to ensure integrated and coordinated inspection across multiple departments.
- Mandate timely issuance of inspection reports within 48 hours and provide online access to the reports for easy viewing and verification by third parties.

Access to economical & reliable power supply

- Review power costs³² to reduce the cost for industries.
- Make regulations for sourcing power from third-party sources more transparent and facilitate easier access to renewable energy options, such as solar power, wind power, etc.

Other miscellaneous issues

- Expedite the time taken for approvals granted by Madhya Pradesh Excise Department, in addition to trimming the timelines associated with various Service Level Agreements (SLAs).
- Reduce the turnaround time and multiplicity of departments in providing clearances/approvals. This has been observed specifically in environment related approvals like Fire NoCs.

Scaling Up Msmes

Access to credit

- Improve access to finance for MSMEs and provide financing options tailored to the needs of MSMEs, including concessional lines of credit, collateral-free loans.
- Offer interest rate subsidies on loans to MSMEs to make credit more affordable.

Market access and export promotion

- Organize national and international trade fairs, exhibitions and buyer-seller meets, and facilitate participation of MSMEs to showcase their products and services.
- Facilitate export assistance for MSMEs by offering support in export financing, credit insurance, and compliance with global quality standards.

³¹ Stamp duty charges are high in MP at around 8%

³² As per industry, the cost of power in the state is high and could be reduced by 20–25%

Scaling Up Msmes

Skill development and training

- Offer skill development programs and training workshops to enhance the capabilities of MSME entrepreneurs and workers.
- Provide financial assistance to MSMEs for participating in skill development programs. This can alleviate financial burden associated with training costs and encourage greater participation.

Digitization and technological upgradation

- Assist MSMEs in adoption of ICT tools and digital platforms to streamline business operations by providing them training.
- Provide hands-on training to MSMEs on modern equipment and technologies in collaboration with research institutions or technology providers.
- Facilitate access to technology through Common Facility Centers or on hiring basis through Custom Hiring Centers.

Infrastructure development

- Invest in shared infrastructure or Common Facility Centers for MSME clusters, such as production facilities, manufacturing equipment, warehouses, high-speed internet connectivity, etc.
- Set up world-class industrial corridor especially for MSMEs to provide dedicated infrastructure and support services to them.

Boosting Exports

Facilitate ease of doing business for exporters

- Implement measures to streamline export procedures and reduce bureaucratic hurdles for exporters.
- Develop an online single window system under the Invest MP portal for trade facilitation that provides easy access to all export-related information, services and support.

Leverage 'District as Export Hubs' initiative

- Actively participate in Govt's 'District as Export Hubs' initiative to leverage export potential of all ODOP items in MP.
- Develop 'District Export Action Plan' for each district outlining targeted policy actions to support export promotion of identified products, including incentives, infrastructure development, skill enhancement, etc.
- Promote and brand Geographical Indication (GI) products of MP like Chanderi, internationally through marketing campaigns.

Enhance logistics for exports facilitation

- Set up more Inland Container Depots (ICDs)³³ across the state to reduce transportation costs and improve trade flows.
- The average capacity utilization in ICDs in MP is not more than 50 per cent. This could be increased by improving coordination between shipping lines, Container Corporation of India (CONCOR), private ICDs and the customs department. Better availability of containers and time management will help to boost the movement of goods from ICDs in the MP.

Establish MP Export Promotion Council

- Establish a dedicated council '**MP Export Promotion Council**' for export promotion called under MP Industrial Development Corporation Limited (MPIDC) to help promote and facilitate exports from the state.

³³ There are currently six ICDs at present in Madhya Pradesh – Tihi, Mandideep, Dhannad, Malanpur, PowerKheda, Kheda

Deep Tech Innovation

Establish of deep tech innovation hubs

- Establish deep tech innovation hubs or technology parks with state-of-the-art infrastructure facilities to support for R&D activities in emerging technologies.
- Encourage collaboration between industry, start-ups and research institutions to work on joint R&D projects to drive innovation in deep tech solutions.

Incentivize R&D in deep tech

- Offer grants and subsidies for R&D activities conducted by the industry and research institutions to foster scientific breakthroughs.
- Establish government-backed venture capital fund specifically to support deep tech startups.

Develop supportive ecosystem for growth of deep tech startups

- Establish dedicated incubation centers for deep tech startups focused on frontier technologies to provide necessary resources, mentorship and seed funding.
- Develop specialized training programs to build entrepreneurial capabilities of deep tech start-ups in collaboration with research institutions.

Green Transition

Incentivize adoption of green technology

- Allocate funds/incentives to support R&D initiatives and for ensuring that the state becomes a renewable energy equipment manufacturing destination.
- Implement a progressive carbon tax that incentivized industries to reduce their dependence on fossil fuels.
- Offer grants and rebates to industry players to offset the upfront capital expenditure associated with adoption of green technologies to encourage investment in sustainable practices.

Maximize renewable energy potential

- Set up additional renewable energy parks with solar, wind, biomass and hydro plants to maximize renewable energy production and harness its full potential.
- Encourage industrial units in industrial clusters and parks to install solar panels on their rooftops through incentives and subsidies to promote clean energy production and adoption.

Strengthening Institutional Mechanism

Create a Madhya Pradesh Economic Advisory Council

- The Government of Madhya Pradesh may consider the establishment of an Economic Advisory Council to address a broad spectrum of economic reforms. The Council will actively look at areas such as investment, exports, skills, rural development, health, education, EODB and CODB, among others.



Overview of Vertical Interventions

Vertical interventions are special interventions targeted at select sectors aimed at further boosting the growth trajectory. These sectors have been recognized by the state government as key thrust areas of intervention based on their potential for high growth and job creation, serving as significant drivers of state’s economic growth.

Achieving the US\$2.1 trillion GDP target will require a combination of robust growth in **existing potentially high-impact sectors** coupled with exponential growth in a few **sunrise sectors**. Despite

the implementation of numerous government policies in these high impact and sunrise sectors (detailed

in Table A1), significant challenges persist, necessitating further policy actions and interventions.

THE VERTICAL INTERVENTIONS MATRIX	
High-impact Sectors	Sunrise Sectors
<ul style="list-style-type: none">• Agri-business and Food Processing• Textile and Apparel• Automobile & Auto components• Pharmaceuticals, Medical Devices & Healthcare• Petrochemical and Natural Gas• Logistics & Warehousing• Tourism	<ul style="list-style-type: none">• IT, ITeS and ESDM• Defence & Aerospace• Renewable energy

Interventions required for the High impact Sectors

An overview of the issues facing each of the high-impact and sunrise sectors and thus the specific interventions required are summarised below.

I. Agri and Food Processing Sector

MP is predominantly an agrarian economy. It is among the leading producers of pulses, spices, food grains, oilseeds, vegetables, fruits, and milk in India. While the agricultural sector has demonstrated resilient growth over time, there is a

need to enhance value addition in the sector through food processing to propel the state’s economic growth and realize its full potential. A well-developed food processing sector can help in stimulating rural economy, fostering employment generation, and mitigating post-harvest losses.



The following table outlines these key issues in the sector, along with suggested areas of intervention, and policy recommendations:

Key Issues in the Sector	Area of Intervention(s)	Recommendations
Inadequate integration of agricultural produce and processing	Establishment of market linkages	<ul style="list-style-type: none"> (i) Facilitate market linkages by fostering partnerships between farmers and processors. (ii) Establish integrated supply chain management systems to streamline flow of agricultural produce from farm to processing units. (iii) Invest in efficient logistics-cargo facilities to ensure speedy transportation of perishable goods.
Inefficient infrastructure	Infrastructure Development	<ul style="list-style-type: none"> (i) Invest in developing and modernizing food production facilities and equipment, and post-harvest infrastructure (warehousing and cold storage facilities) (ii) Upgrade transportation networks to ensure timely and efficient distribution of processed foods.
Lack of quality and safety standards	Quality and Safety Assurance	<ul style="list-style-type: none"> (i) Develop and enforce quality standards for agricultural produce and processed products. (ii) Establish food safety labs to conduct quality checks and streamline certification processes. (iii) Encourage adoption of best agricultural practices in cultivation and post-harvest handling through incentives and capacity building programs
Lack of technology adoption	Technology Promotion and Adoption	<ul style="list-style-type: none"> (i) Offer subsidies or tax incentives for investments in modern equipment and machinery. (ii) Provide training programs and workshops on emerging technologies to farmers and processors through partnership with technology providers for knowledge transfer and capacity building. (iii) Facilitate access to modern technologies on hiring basis through Custom Hiring Centres (CHCs).
Inadequate R&D and innovation	Research and Innovation	<ul style="list-style-type: none"> (i) Allocate funding for research and development initiatives in food processing. (ii) Establish innovation hubs and incubators to support new product development, especially in organic and healthy food categories.

Best Practice

Enhancing Productivity through Targeted Interventions: Lessons from the Success of Yantradoot Model in MP

The Yantradoot scheme in MP was initiated to address the challenge of low farm mechanization due to the predominance of small farm holdings in the state. It was first introduced in Matha village of MP in 2009-10 and later expanded to more villages.

The scheme introduced various mechanized farm equipment and conducted focused field demonstrations to educate farmers on modern agricultural techniques. This was followed by the establishment of Custom Hiring Centres (CHCs) in model villages. These CHCs provided access to mechanized equipment at affordable rates, managed by local youth, thereby reducing costs for farmers and creating employment opportunities.

The government incentivized private entrepreneurs to establish CHCs with subsidies. Over 1205 such centres have been set up in MP. Evaluation reports indicated a significant increase in agricultural productivity (60 to 85 per cent) and farmer income (75 to 100 per cent) in villages where the scheme was implemented. Farmers also adopted multi-cropping techniques, resulting in year-round income generation.

The Yantradoot scheme, therefore, demonstrated a successful model of agricultural mechanization, leveraging modern technologies to enhance productivity and income without any major increase in input costs. The scheme's success highlights the importance of targeted interventions in driving

agricultural development and improving rural livelihoods.

The scheme provides valuable lessons for other sectors to follow a concentrated, impact-driven approach to increase productivity. Government can emulate the Yantradoot model in industrial sectors like Food Processing and Textiles by implementing similar strategies tailored to their needs. This includes conducting training programs to educate workers about modern technology and equipment and facilitating access to such technologies through CHCs. MSMEs can particularly benefit from such model as they lack access to modern technologies.

Source: NITI Aayog, 'Best Practices from Our States'

Strengths

- (i) Rich agro-climatic variability and abundant agricultural produce
- (ii) Dedicated infrastructure with 8 food parks, 2 spices parks and 4 agro processing clusters
- (iii) Special incentives for food processing sector provided by the government

Weaknesses

- (i) Inadequate integration between agricultural production and processing resulting in inefficiencies in supply chain
- (ii) Lack of sufficient infrastructure, particularly in terms of transportation and post-harvest facilities
- (iii) Limited adoption of modern technologies
- (iv) Lack of stringent quality and food safety standards leading to concerns over product quality

Opportunities

- (i) Increasing demand for processed products in both domestic and international markets due to increasing urbanization and globalization
- (ii) Growing awareness and preference for organic and healthy food products provides opportunity for organic and sustainable food market
- (iii) Growing e-commerce platforms provides wider reach and accessibility to consumers

Threats

- (i) Fluctuations in global commodity prices and market demand
- (ii) Huge competition from multinational corporations and large players

SWOT Analysis: Agri & Food Processing Sector

Textile and Apparel Sector

MP has rich heritage in textile and apparel sector from unique printing techniques, such as handblock printing and bandhini, to exquisite weaving specialties like Chanderi and Maheshwari silk and cotton fabrics. The state has competitive edge in the sector derived from abundant and diverse raw material base coupled with availability of labour at

competitive prices, which solidifies its position as a textile manufacturing hub.

Given its labor-intensive nature, the textile sector has immense potential to be a catalyst for employment generation in the state. Moreover, with its vast potential for export growth, the sector holds the key to expanding MP's footprint on the global textile market and propelling it towards

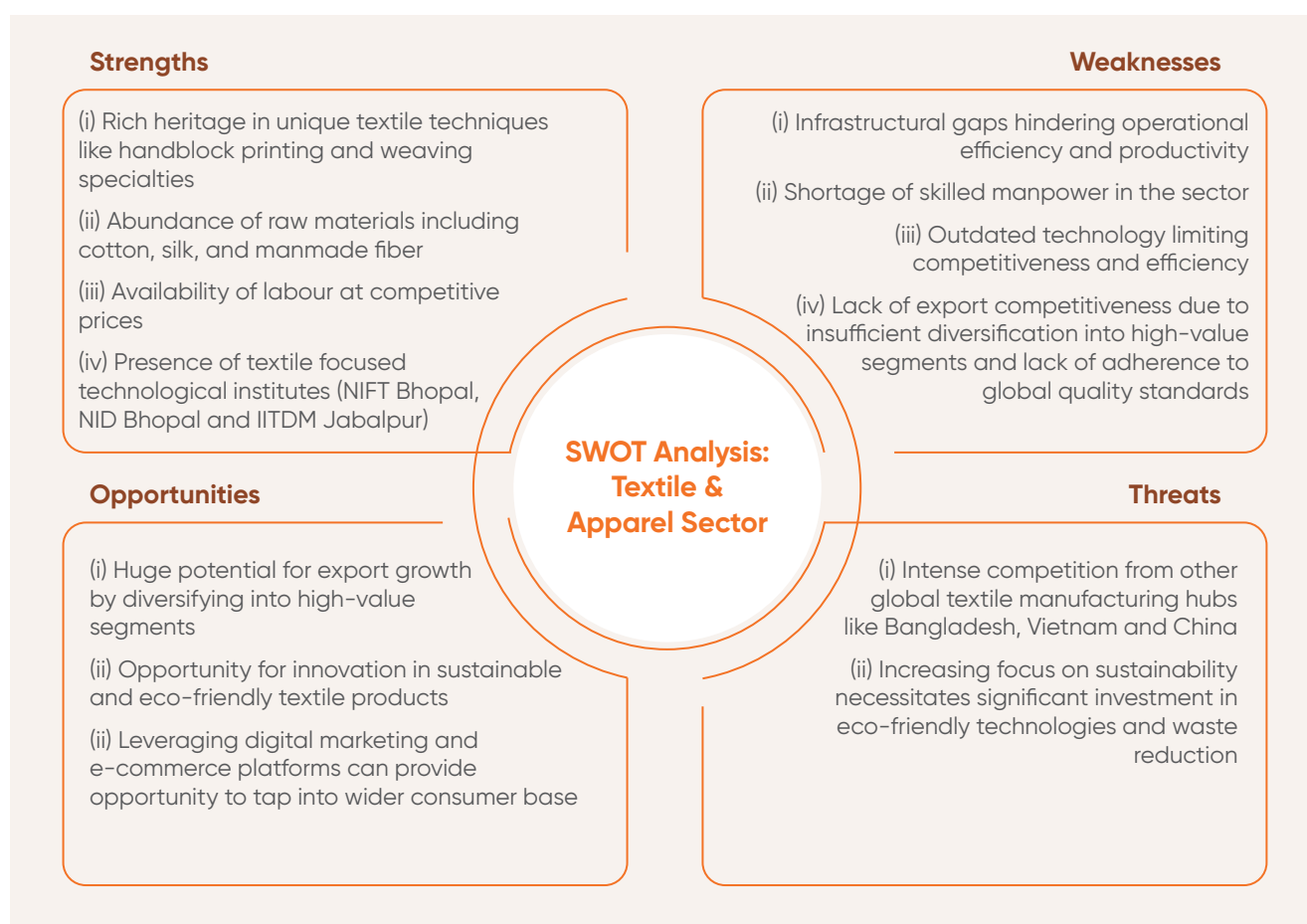
economic growth and prosperity.

Despite the sector's importance in MP's economy, its contribution to India's textile and apparel sector remains disproportionately low, highlighting the need for the state to harness its full potential. Various issues within the sector hinder its growth, necessitating targeted interventions and policy measures.

The table below outlines these key issues, proposed areas of intervention, and policy recommendations:

Key Issues in the Sector	Area of Intervention	Recommendations
Infrastructure gaps	Infrastructure Development	(i) Invest in developing infrastructure for textile clusters and addressing infrastructure deficiencies.
Outdated technology	Technology upgradation	(i) Establish technology upgrade funds to assist textile units in adopting modern machinery and processes. (ii) Facilitate access to modern equipment and technology through Common Facility Centers or on hiring basis through Custom Hiring Centers.
Lack of export competitiveness	Export diversification	(i) Support diversification into high-value segments such as technical textiles through financial incentives and market access facilitation. (ii) Ensure products meet global quality standards through quality checks and certification. (iii) Standardize the quality of Mrignayani (MP government emporium) products through a craft mark ensuring authenticity. (iv) Promote branding and marketing initiatives for Indian traditional textiles abroad through participation in international trade fairs and exhibitions.

Key Issues in the Sector	Area of Intervention	Recommendations
Lack of R&D, innovation and sustainable practices	Research and Innovation, and Green Initiatives	<ul style="list-style-type: none"> (i) Establish R&D grants and funding schemes to support innovation in textile technology and product development. (ii) Provide incentives for adopting green practices such as water recycling and renewable energy.
Lack of market outreach	Outreach marketing	<ul style="list-style-type: none"> (i) Assist small businesses to adopt digital marketing techniques and leverage e-commerce platforms through training programs. (ii) Tie up with organized retail value chains for sale of traditional apparels to leverage their wide presence and distribution networks. (iii) Set up retail centres of Mrignayani around famous tourist destinations.



Automobile and Auto Components Sector

The Automobile and Auto Components sector in MP holds immense potential. With strategic central location and robust connectivity to major markets and cities, MP emerges as an ideal destination for automotive manufacturing. The auto cluster in Pithampur stands out as an emerging

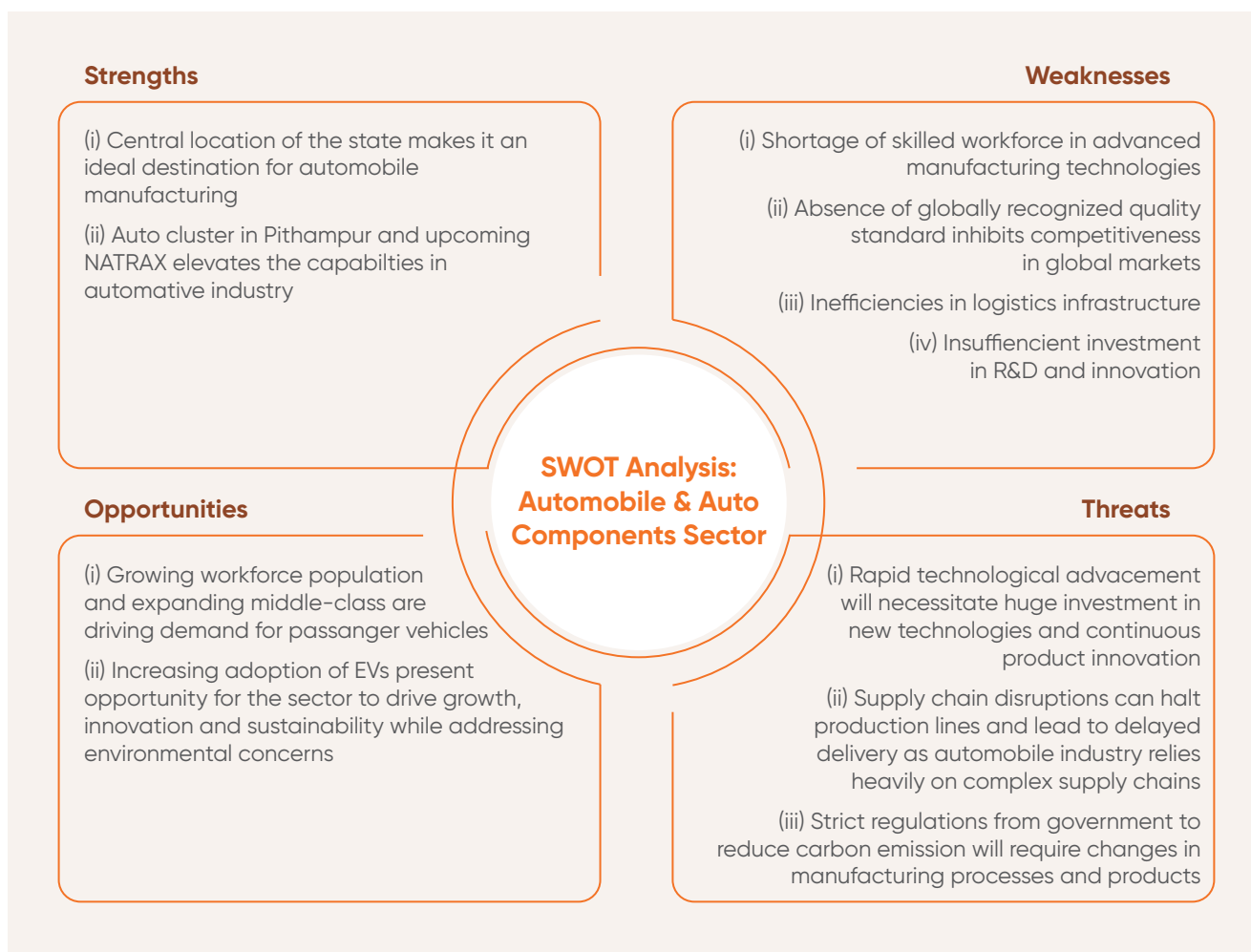
hub in central India with world-class industrial infrastructure ecosystem which can foster growth in the sector. The upcoming Asia's longest high-speed testing track, the "National Automobile Test Track" (NATRAX) will elevate MP's capabilities in automotive industry.

As the automotive industry evolves, with shift towards

electric vehicles and integration of new age technologies, there exists vast potential for innovation and advancement within the sector. Realizing this potential requires substantial capital investment and a highly skilled workforce along with need for continuous innovation and adaptation to remain competitive in this dynamic industry.

The following table outlines key issues within the sector, intervention areas, and policy recommendations aimed at addressing these challenges.

Key Issues in the Sector	Area of Intervention	Recommendations
Shortage of skilled workforce in advanced manufacturing technologies	Workforce Skill Development	(i) Allocate funds for specialized training programs on emerging technologies like robotics and automation.
Lack of globally recognized quality standards inhibiting competitiveness in international markets	Quality Monitoring	(i) Implement quality management systems that adhere to globally accepted benchmarks. (ii) Provide financial assistance for companies to undergo quality certification processes.
Insufficient R&D amidst rapid technological advancements	R&D and innovation	(i) Establish dedicated funding programs for R&D projects focused on clean energy vehicles. (ii) Create technology parks and incubation centres to promote collaboration and knowledge sharing among manufacturers. (iii) Encourage technology transfer and knowledge exchange through partnership with research institutes and industry to accelerate innovation in clean energy vehicles.



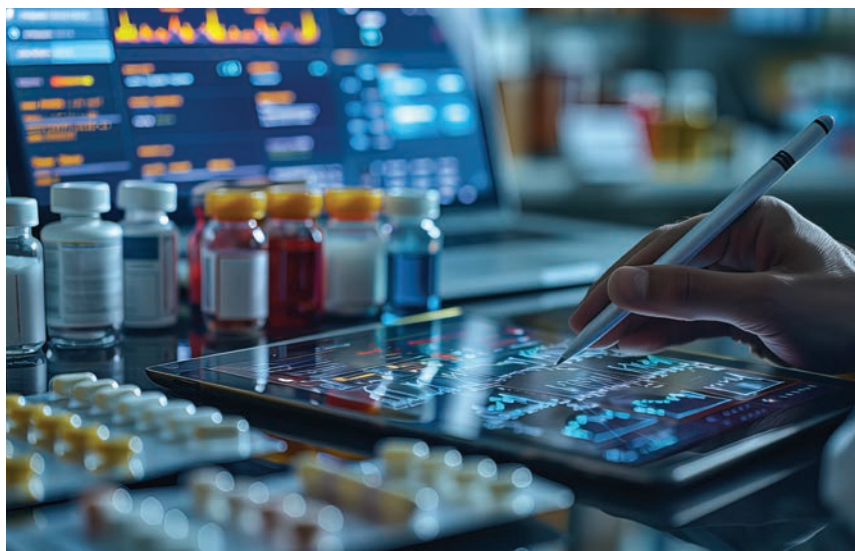
Pharmaceuticals, Medical Devices and Healthcare

With the evolving healthcare industry driven by population growth and rising lifestyle-related ailments, pharmaceutical and healthcare sector presents a substantial untapped potential for its growth and development.

India's ascendancy as a leading supplier of cost-effective generic medicines has positioned it prominently in the global pharmaceutical industry. As India endeavors to become a global pharmaceutical powerhouse, MP can be an important contributor in

realizing this vision. Pharmaceutical and medical drugs is the top export category of MP. The Pithampur SEZ is an emerging manufacturing hub for

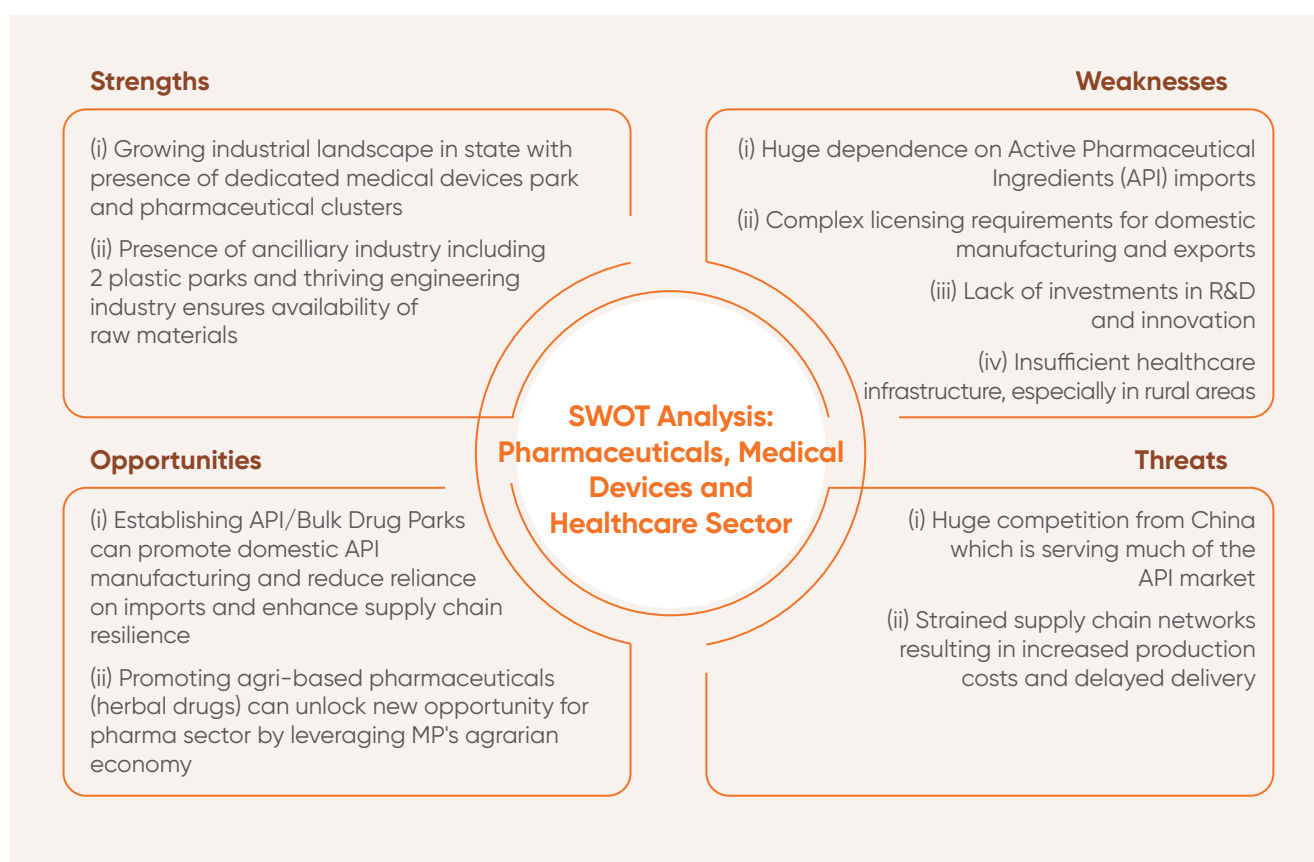
pharmaceutical products. Further, the establishment of Biotechnology Park in Indore under PPP mode is set to elevate the state's prowess in the sector.



The table below outlines key challenges faced by the sector, along with areas of interventions and policy recommendations.

Key Issues in the Sector	Area of Intervention	Recommendations
Lack of Innovation and R&D investment	Encourage and incentivize pharma companies to increase investment in R&D.	<ul style="list-style-type: none"> (i) Offer grants and tax incentives to encourage pharmaceutical companies to undertake research activities in drug delivery system. (ii) Strengthen Intellectual Property (IP) protection mechanisms. (iii) Establish mechanisms for technology transfer and licensing agreements to facilitate knowledge exchange & IP between research institutions & pharma companies.
Shortage of skilled workforce	Facilitate skill development initiatives.	<ul style="list-style-type: none"> (i) Implement skill development programs in clinical research, pharmacovigilance, healthcare management, etc. in collaboration with industry and educational institution. (ii) Revise and modernize pharmaceutical education curriculum to align with industry needs.
Huge dependence of Active Pharmaceutical Ingredients (APIs)	Establish API/Bulk Drug Parks.	<ul style="list-style-type: none"> (i) Support domestic API/bulk drug manufacturing by establishing Bulk Drug Clusters/Parks with plug-and-play infrastructure support to harness India's API manufacturing capabilities. (ii) Create research ecosystem by developing innovation and research labs and fostering industry-academia partnership to improve process technologies.
Complex licensing requirements for domestic manufacturing and exports	Simplify licensing requirements	<ul style="list-style-type: none"> (i) Adopt unified licensing system by aligning domestic licensing requirement with global standards and best practices. This will streamline licensing requirements and enhance export competitiveness.

Key Issues in the Sector	Area of Intervention	Recommendations
Lack of support to MSMEs	Enhancing MSME competitiveness	<ul style="list-style-type: none"> (i) Mandate procurement quotas for government hospitals and healthcare institutions to source healthcare products and hospital furniture from MSMEs to support their growth in healthcare supply chain. (ii) Ensure timely payment of financial assistance provided to MSMEs through implementing automated payment systems and enforcing clear timeline mandates.
Lack of focus on Agri-based pharma in MP despite being primarily an agrarian economy	Promoting and incentivizing Agri-based pharmaceutical (homeopathy) industry	<ul style="list-style-type: none"> (i) Develop a dedicated policy framework to incentivize and promote agri-based pharma offering financial assistance and subsidies to medicinal plant producers and herbal drug manufacturers. (ii) Invest in R&D initiatives focused on herbal drug discovery.



V. Petrochemical and Natural Gas Sector

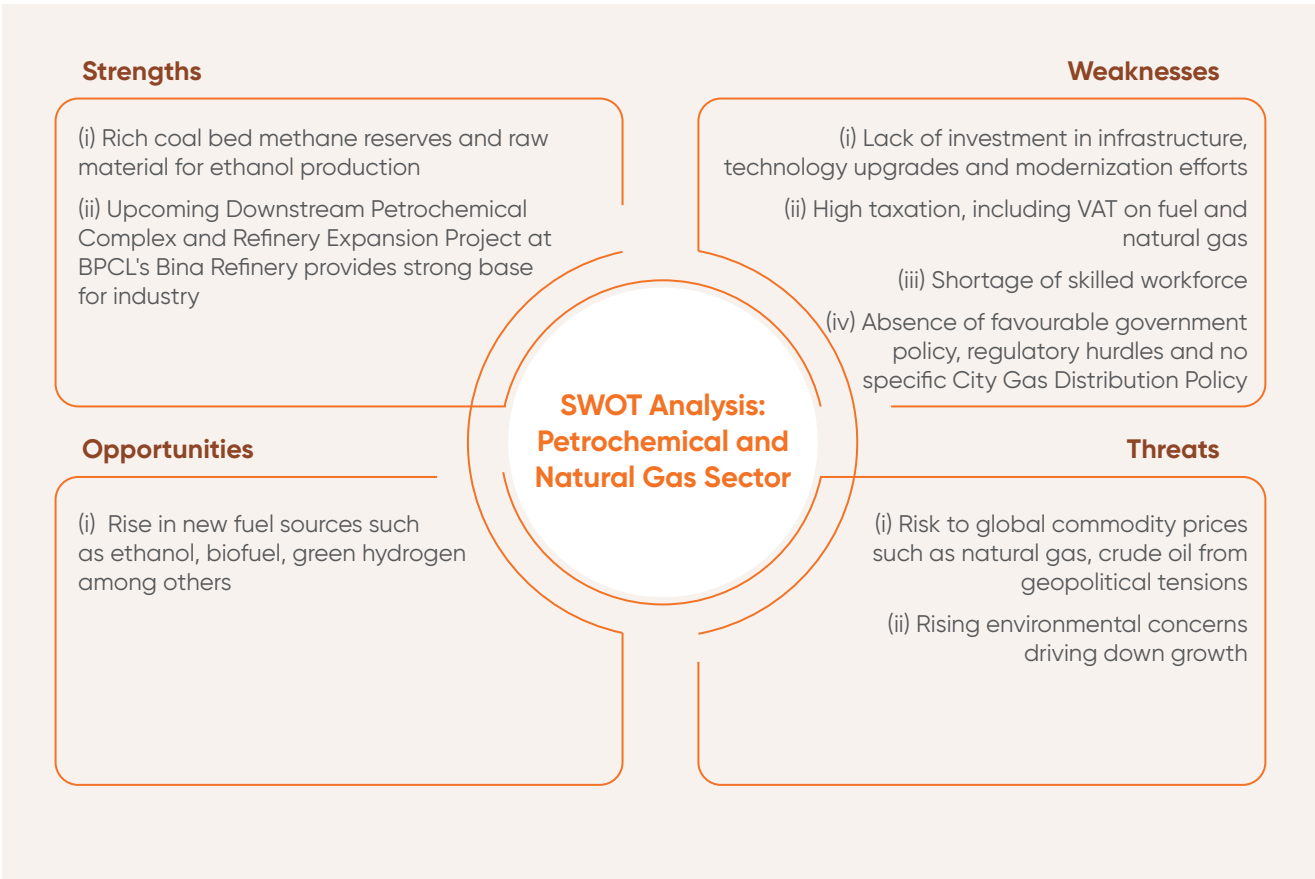
The Petrochemical and Natural Gas sector holds significant importance, given its direct and indirect linkages with various industrial segments such as agriculture, textiles, construction, pharmaceuticals, among

others. Therefore, fostering growth of this sector is important for a thriving manufacturing ecosystem. Although MP is not a major player in the sector, it boasts substantial untapped potential for growth. The upcoming Downstream Petrochemical Complex and

Refinery Expansion Project at BPCL's Bina Refinery, with an investment of approximately Rs 49,000 crore, promises to unlock this potential. This will help India reduce its reliance on petrochemical imports, in alignment with the vision of 'Atmanirbhar Bharat'.

The table below delineates key challenges within the sector, identifies areas necessitating intervention, and proposes actionable policy recommendations.

Key Issues in the Sector	Area of Intervention	Recommendations
High taxation	Rationalizing taxes	<ul style="list-style-type: none"> (i) Reduce VAT on fuel and natural gas to make it competitive with other states. (ii) Advocate for the rationalization of GST on transportation of natural gas through pipeline and re-gasification of imported LNG.
Absence of a City Gas Distribution (CGD) Policy	Introduce a comprehensive CGD Policy in MP	<ul style="list-style-type: none"> (i) Introduce a comprehensive CGD policy, streamlining approval processes and setting clear timelines for obtaining permissions for natural gas pipelines.
Infrastructure constraints	Investment in infrastructure	<ul style="list-style-type: none"> (i) Develop industrial parks for power sector and its ancillary industries and invest in infrastructure development to support expansion and modernization of petrochemical facilities. (ii) Improve logistics and supply chain efficiency to reduce bottlenecks and ensure timely delivery of raw materials and products.
Regulatory hurdles	Streamline regulations	<ul style="list-style-type: none"> (i) Simplify permit applications for exploration, production and refining activities. (ii) Establish clear timelines for regulatory approvals.



VI. Logistics and Warehousing Sector

The logistics and warehousing sector assume a critical role in facilitating seamless movement of goods, enhancing trade competitiveness, fostering resilient supply chains, and bolstering manufacturing growth. MP is actively positioning itself as a logistics

hub by adapting its existing logistics policy as per the evolving landscape. The establishment of Multi-Modal Logistics Park in Indore and Bhopal will improve logistics efficiency in the state.

According to the Logistics Ease Across Different States (LEADS) 2023 report of the Union Ministry of Commerce

and Industry, MP is recognized as a fast mover in the logistics sector within the landlocked category. However, to ascend to the achiever's category, the state needs further enhancements in its logistics ecosystem, including development of exceptional infrastructure and implementation of transparent regulatory processes.

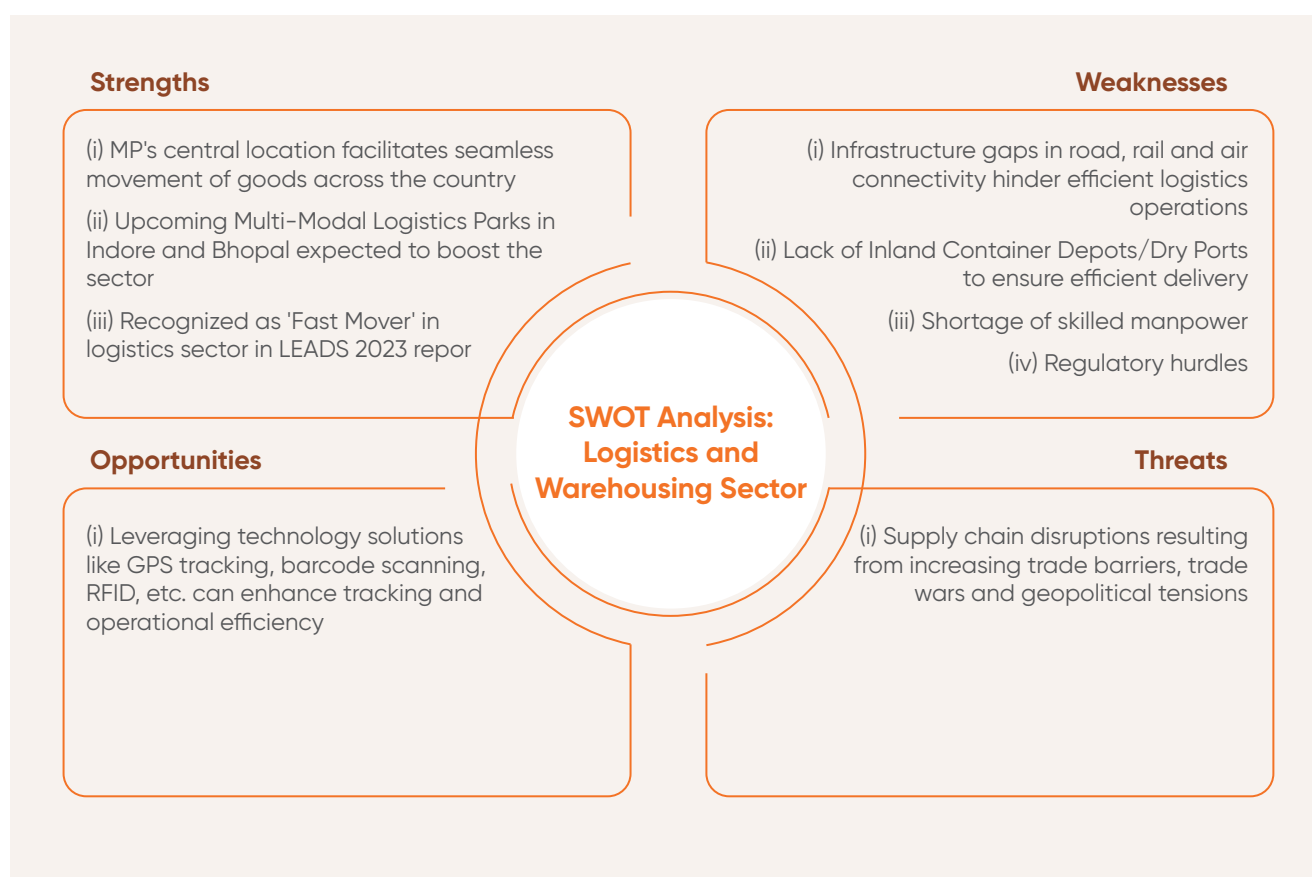
Sector at a Glance

- Warehousing capacity of 40 MMT and Cold Storage capacity of 13.2 LMT.
- Upcoming Multi Modal Logistics Park (MMLP) at Indore and Bhopal under Bharatmala Pariyojana of GOI.
- State recognized as a 'Fast Mover' in logistics sector as per LEADS 2023 report.
- Pioneer state in creation of Steel Silos.
- Upcoming industrial corridors in the state.



The following table outlines the key issues in the Logistics and Warehousing Sector in MP, areas of intervention and actionable policy recommendations.

Key Issues in the Sector	Area of Intervention	Recommendations
Lack of adequate infrastructure	Infrastructure development	<ul style="list-style-type: none"> (i) Along with development of highway/expressway corridors, invest in road safety measures to reduce road crash fatalities. (ii) Invest in improving rail networks and frequency to reduce lead time and facilitate speedy transportation. (iii) Enhance domestic and international air connectivity by providing financial incentives to airlines to encourage operations in the state. Also, develop new airports and terminals, and expand and upgrade existing ones.
Delays in logistic services	Operational efficiency	<ul style="list-style-type: none"> (i) Leverage technology, such as GPS tracking, barcode scanning, RFID, to improve tracking and operational efficiency, and reduce costs. (ii) Streamline regulatory processes to reduce delay in service delivery.



VII. Tourism Sector

MP, the heart of India, boasts immense potential for tourism growth, owing to its rich cultural heritage with historical monuments and UNESCO World Heritage Sites. The state is also home to numerous national parks and wildlife sanctuaries, along with pilgrimage sites, thus catering to both wildlife enthusiasts and religious tourists. Further, the government is making remarkable progress in the tourism sector by providing attractive incentives to promote tourism investment through its Tourism Policy 2016 (amended 2019). Additionally, the state has introduced Film Tourism Policy 2020, offering enticing incentives to film producers to enhance the appeal of the state for film production.

Despite these diverse offerings and the government's efforts, the

tourism sector in MP faces significant challenges that impede its full potential for growth. These obstacles must be effectively addressed to unlock the state's true potential.

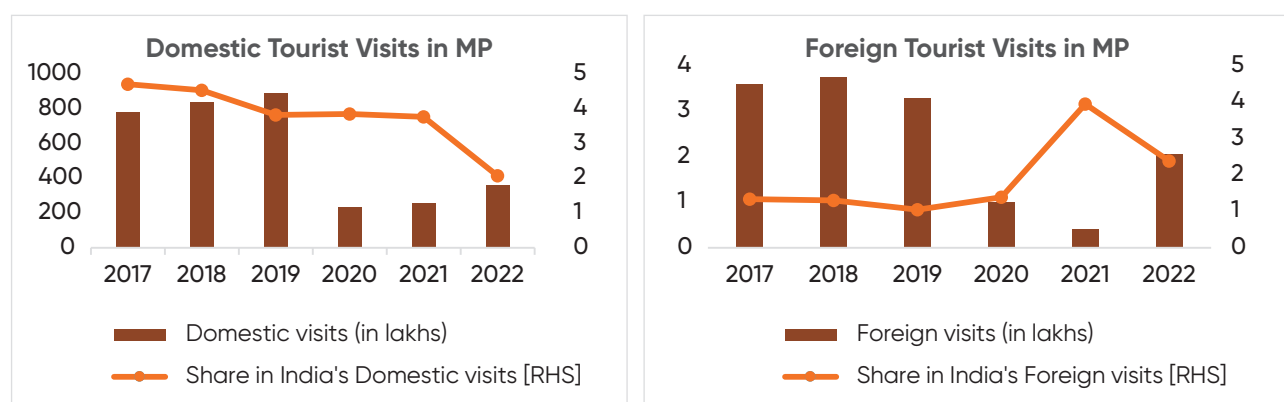
In recent years, MP has witnessed a notable surge in domestic tourism, with over 358 lakh visits recorded in CY 2022. Yet, the average domestic visits from 2020 to 2022 is a staggering 66 per cent lower in comparison to the average domestic visits in

the preceding three years (2017 to 2019). Moreover, the state's share of domestic visits in all-India has fallen over the years from 4.7 per cent in 2017 to a mere 2 per cent in 2022. Similarly, foreign visits to MP experienced a downturn since 2017, albeit showing signs of recovery in 2022, with about 2 lakh foreign visitors recorded. Nevertheless, the state's share of foreign visits remains modest, accounting for 2.4 per cent of India's total foreign tourist arrivals.

Sector at a Glance

- State offers diverse tourism experience with presence of 11 National Parks, 24 Wildlife Sanctuaries and 2 Jyotirlings, along with 3 UNESCO World Heritage sites.
- Dedicated Tourism Policy offering attractive financial incentives to investors.
- 1000+ hectares of land parcel available for investment in Convention Centers, Hotels and Resorts, and Heritage Hotels.
- Actively promoting Film Tourism by offering attractive financial incentives to film producers.

Chart 21: Trends in Domestic and Foreign Visits in MP

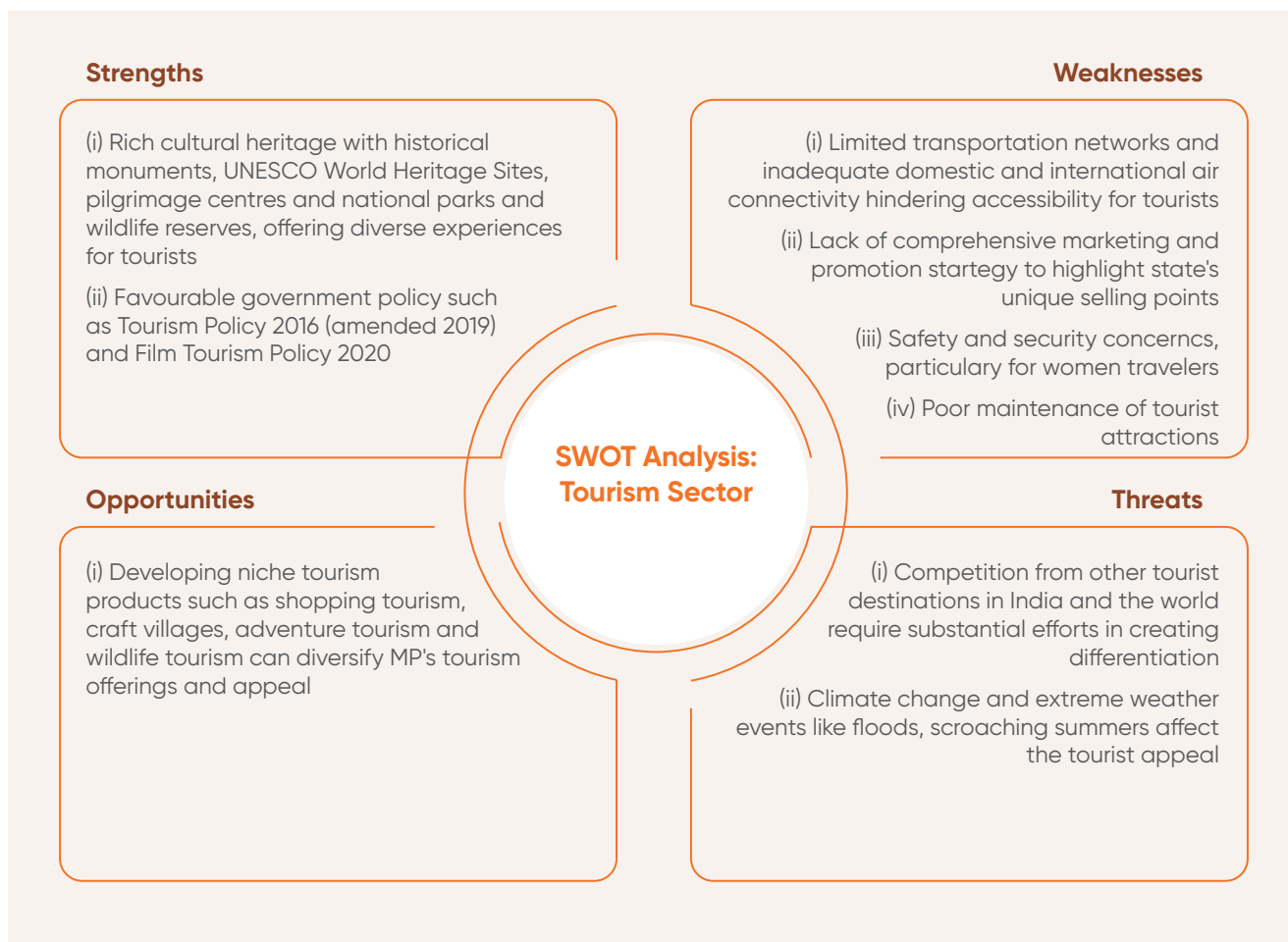


Source: Ministry of Tourism

The table below outlines the key issues in the sector, along with policy interventions and actionable policy recommendations to bolster the tourism sector in MP.

Key Issues in the Sector	Area of Intervention	Recommendations
Limited infrastructure	Infrastructure development	<ul style="list-style-type: none"> (i) Expand and upgrade transportation networks (road and rail) to enhance accessibility for tourists. (ii) Enhance regional, domestic and international air connectivity to boost tourism growth.
Lack of awareness	Marketing and promotion	<ul style="list-style-type: none"> (i) Develop comprehensive marketing and promotion strategy to highlight MP's USPs such as its cultural heritage, wildlife, natural beauty, to attract tourists. (ii) Utilize digital platforms to showcase tourists attractions and facilitate online bookings. (iii) Collaborate with travel influencers and vloggers to place MP as an attractive tourist destination and reach wider audience.
Safety concerns	Safety and security measures, particularly for women travelers	<ul style="list-style-type: none"> (i) Develop safety guidelines for tourism stakeholders like hotels and tour operators for ensuring tourists safety and security. (ii) Create dedicated tourist police units in key tourist destinations. (iii) Increase deployment of women police officers in tourist areas to enhance sense of security for women travelers.
Poor maintenance of tourist attractions	Heritage conservation, and Promotion of Sustainable and Responsible Tourism	<ul style="list-style-type: none"> (i) Establish a dedicated heritage maintenance fund to finance preservation and restoration of historical monuments, heritage sites, and wildlife reserves. (ii) Develop and implement sustainable and responsible tourism guidelines and standards for tourist attractions, emphasizing sustainable practices such as waste reduction and biodiversity conservation, and responsible behaviour towards environment.

Key Issues in the Sector	Area of Intervention	Recommendations
Limited accommodation options	Hospitality Development	<ul style="list-style-type: none"> (i) Incentivize private investment in hospitality sector by streamlining regulatory procedures, tax incentives and financial assistance. (ii) Encourage development of homestays and B&Bs and guesthouses, especially by rural communities to boost rural tourism.
Lack of diversification in tourism	Development of niche tourism and innovative tourism products	<ul style="list-style-type: none"> (i) Facilitate shopping and souvenir tourism by developing dedicated shopping districts and artisan clusters. (ii) Establish craft villages where visitors can experience traditional art and techniques first-hand through interactive workshops and demonstrations by artisans. (iii) Launch social media marketing campaigns to promote adventure tourism. Ensure strict safety measures in all adventure activities. (iv) Enhance wildlife tourism through guided safaris and nature walks in wildlife sanctuaries and national parks. Also, encourage development of eco-friendly accommodations and nature lodges within forested areas to attract nature enthusiasts.
Lack of skilled manpower in film tourism sector	Skill development	<ul style="list-style-type: none"> (i) Establish specialized training and skill development institutes for film industry such as National School of Drama in MP. (ii) Encourage internship programs in collaboration with film production companies for students across different domains of filmmaking.
Challenges in obtaining licenses/permissions for hospitality business	Streamlining licensing procedures	<ul style="list-style-type: none"> (i) Establish an online single-window clearance system for obtaining and renewing permissions and licenses for hotels. (ii) Extend the validity period of hotel licenses from one year to at least five years.



Sunrise Sectors

IT, ITeS and ESDM Sector

The Information Technology (IT), Information Technology enabled Services (ITeS), and Electronic System Design and Manufacturing (ESDM) sector in MP has not yet gained prominence within the state's industrial landscape. Despite its vast potential, MP has struggled to attract significant investment in the sector, primarily due to its limited global visibility and branding as an emerging IT hub. Recognizing the need for a cohesive strategy to fully harness its capabilities, MP has introduced IT, ITeS & ESDM Investment Promotion

Policy 2023. This policy represents a crucial step forward, aiming to position the state as an appealing destination for businesses, entrepreneurs, and investors in the sector. However,

numerous challenges persist, necessitating concerted efforts to unlock the potential of MP's IT, ITeS, and ESDM sector and establish the state as a competitive player in the global technology landscape.



The following table delineates the key challenges within the IT, ITeS, and ESDM sectors, along with proposed areas of intervention, and policy recommendations.

Key Issues in the Sector	Area of Intervention	Recommendations
Lack of branding and marketing of IT and ITeS sector	Branding and Marketing strategy	(i) Develop a comprehensive branding and marketing strategy for the MP IT and ITeS sector, highlighting the state's strengths, resources, and investment opportunities.
Lack of infrastructure	Infrastructure development	(i) Invest in expansion of IT infrastructure facilities such as Common Facility Centers (CFCs), incubation centers, and IT parks. (ii) Improve connectivity by investing in robust network infrastructure, especially rapid expansion of optic fiber network.
Limited availability of skilled human resource, talent migration and retention of skilled labour	Skill development, talent acquisition and employee retention initiatives	(i) Launch skill development programs tailored to the needs of the IT, ITeS, and ESDM sectors, focusing on both technical skills (programming languages, software development) and soft skills (communication, problem-solving). (ii) Foster partnerships between IT companies and educational institutions to develop curriculum, offer internships, and provide hands-on training opportunities. (iii) Offer financial incentives to IT companies to participate in campus placements and recruit students from educational and training institutes in MP. (iv) Initiate development of smart residential communities near IT parks with amenities like good quality schools, healthcare facilities, recreational areas, robust transportation system, dedicated police station etc. to provide a holistic living experience to IT professionals and their families.
Lack of innovation and R&D	R&D promotion	(i) Facilitate partnerships between research institutions and private companies to promote collaborative R&D projects to encourage knowledge sharing and technology transfer. (ii) Set up R&D centers of excellence focused on emerging technologies such as AI, IoT, cybersecurity, and advanced manufacturing within academic institutions or in collaboration with industry partners. (iii) Establish technology incubators and accelerators to support start-ups in the IT, ITeS, and ESDM sectors.

Strengths

- (i) Cheaper land rates and better quality of life compared to major cities
- (ii) Sector specific IT, ITeS and ESDM Investment Promotion Policy
- (iii) Presence of prestigious institutions like IIT, IIM, IISER and IITMs

Weaknesses

- (i) Limited branding and marketing of the state as an emerging IT hub
- (ii) Limited availability of skilled human resources, talent migration and retention
- (iii) Lack of sector specific infrastructure
- (iv) Lack of emphasis on innovation and R&D
- (v) Limited domestic and international air connectivity

Opportunities

- (i) Advent of Industry 5.0 revolutionising and increasing the demand for new technology

Threats

- (i) Competition from other states with established IT hubs
- (ii) Migration of skilled talent to other states with better opportunities and infrastructure poses threat to sector's growth
- (iii) Rapid technological advancements and disruptions in the sector requires constant adaptation and upgradation

**SWOT Analysis:
IT, ITeS and
ESDM Sector**

Defense and Aerospace Sector

MP's strategic location as a landlocked state makes it an ideal hub for defense and aerospace related manufacturing. The state boasts major defense establishments and offers a conducive environment for the establishment of defense

units, owing to its abundant land availability, diverse geographical terrain, and excellent connectivity across the country. Recognizing the potential of the sector, the state government has implemented a dedicated Defense Production Investment Promotion Policy, along with fiscal incentives tailored for Mega Aerospace

& Defense Units, further enhancing the attractiveness of MP as a preferred destination for defense and aerospace investments. The sector, however, requires substantial impetus in the state to realize its full potential, and the challenges facing the sector need to be addressed.

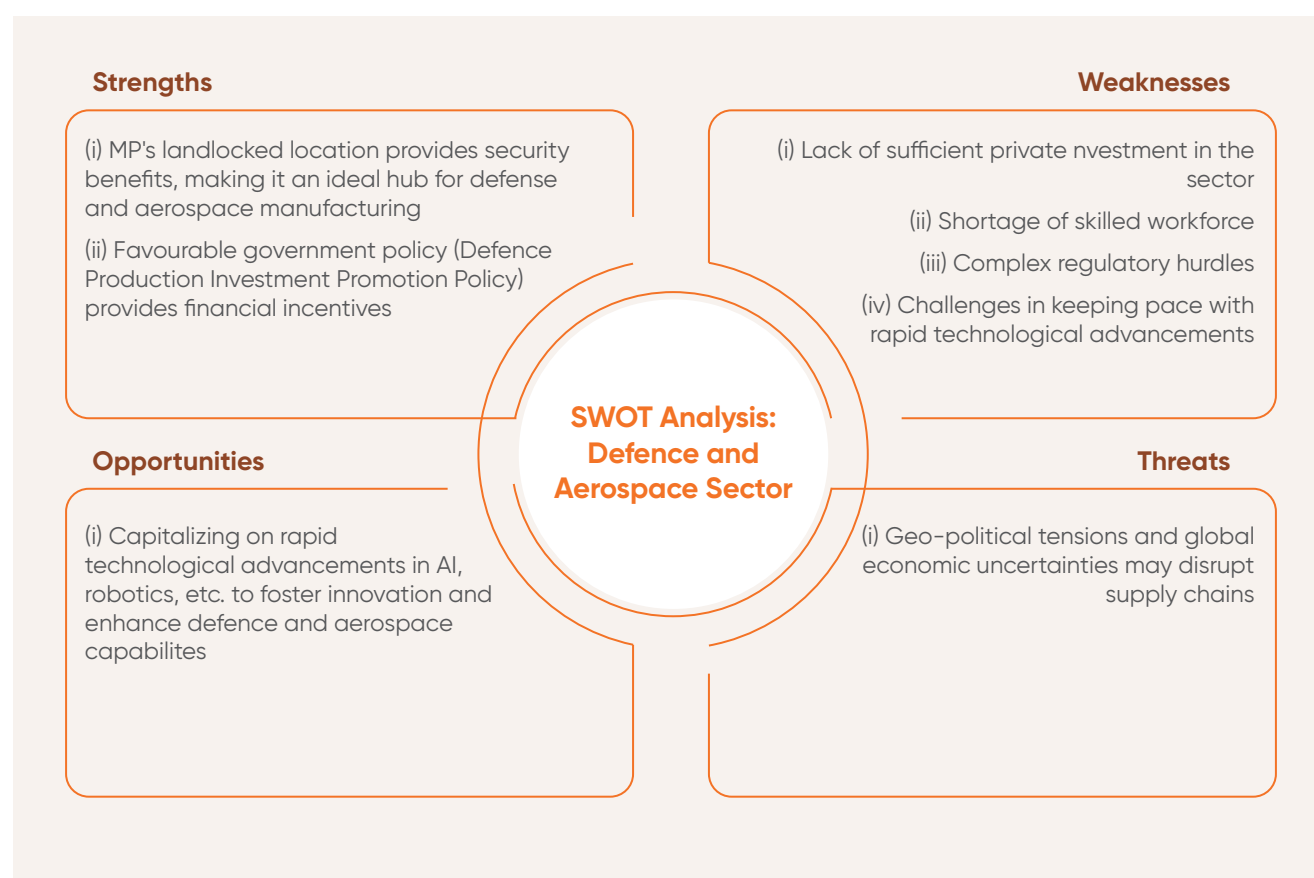
Sector at a Glance

- Presence of Defense PSUs in the state.
- State government has introduced Defense Production Investment Promotion Policy in which fiscal incentives are provided for Mega Aerospace & Defense Units.
- State has India's first private sector Small Arms manufacturing unit.
- Upcoming Rare Earth and Titanium Theme Park for material testing, processing and R&D.
- Availability of 26 airstrips for industries and Flying Training Organizations.



The table below highlights the key issues within the sector, areas requiring government intervention, and proposed policy recommendations.

Key Issues in the Sector	Area of Intervention	Recommendations
Lack of investment	Encourage private sector investment	(i) Initiate discussions with Airport Authority of India (AAI) to allocate land within airports for MRO facilities catering to defense and aerospace sector. This will attract investment and stimulate growth of ancillary industries.
Unable to keep pace with rapid technological advancements	Technology advancement	(i) Facilitate discussion between major defense companies and DRDO to explore opportunities for collaboration and setting up lab in MP. (ii) Provide funding for R&D initiatives and incentivize innovation in defense technologies. (iii) Establish dedicated funding mechanism and incentives for deep tech startups in defense sector.
Shortage of skilled workforce / Issues in attracting and retaining talent	Skill enhancement	(i) Develop training programs in Aerospace designing, aircraft assembling and testing, aviation management and other new-age courses in collaboration with research institutions and industry.
Regulatory hurdles	Easing of regulatory hurdles	(i) Simplify and streamline licensing process for defense-related activities to reduce bureaucratic hurdles and encourage more businesses to operate in the state.



Renewable Energy

MP is taking significant strides in the renewable energy sector, capitalizing on its rich natural resource base. The state boasts immense potential, particularly in solar and wind energy, owing to its favorable topographic and climatic conditions conducive to renewable energy generation.

MP is actively enhancing its renewable energy capabilities by undertaking solar power projects. Through its initiatives, Sanchi is set to emerge as India's first solar city, based on the net-zero carbon concept. The state is also making substantial

headway in rooftop solar installations, along with providing incentives to stimulate investment in renewable energy projects.

By harnessing its natural resources and fostering an environment conducive to investment and innovation, MP is well-positioned to lead India's transition towards cleaner and sustainable energy. This transition necessitates addressing challenges and seizing opportunities within the sector.

MP has an estimated renewable energy potential of 79,248 MW. Of this, solar energy potential is 61,660 MW, constituting 8.2 per cent

of India's solar energy potential. Presently, MP's renewable energy installed capacity is mere 6.9 per cent of the state's potential renewable energy capacity.

As per MP's Renewable Energy Policy 2022, the state is committed to achieving 30 per cent renewable energy in the state's energy mix by 2027 and 50 per cent by 2030. Therefore, significant efforts are required to bolster renewable energy capacity and achieve these targets. This entails implementing proactive strategies to address challenges and leverage opportunities within the sector.

Sector at a Glance

- Abundant natural resources for renewable energy production.
- Comprehensive Renewable Energy Policy 2019 and Pumped Hydro Policy 2022 of the state government to promote innovation in the sector.
- Sanchi being developed as the first solar city on net zero carbon concept.
- Upcoming manufacturing zone for Power and Renewable Energy equipment's in Narmadapuram with GOI.



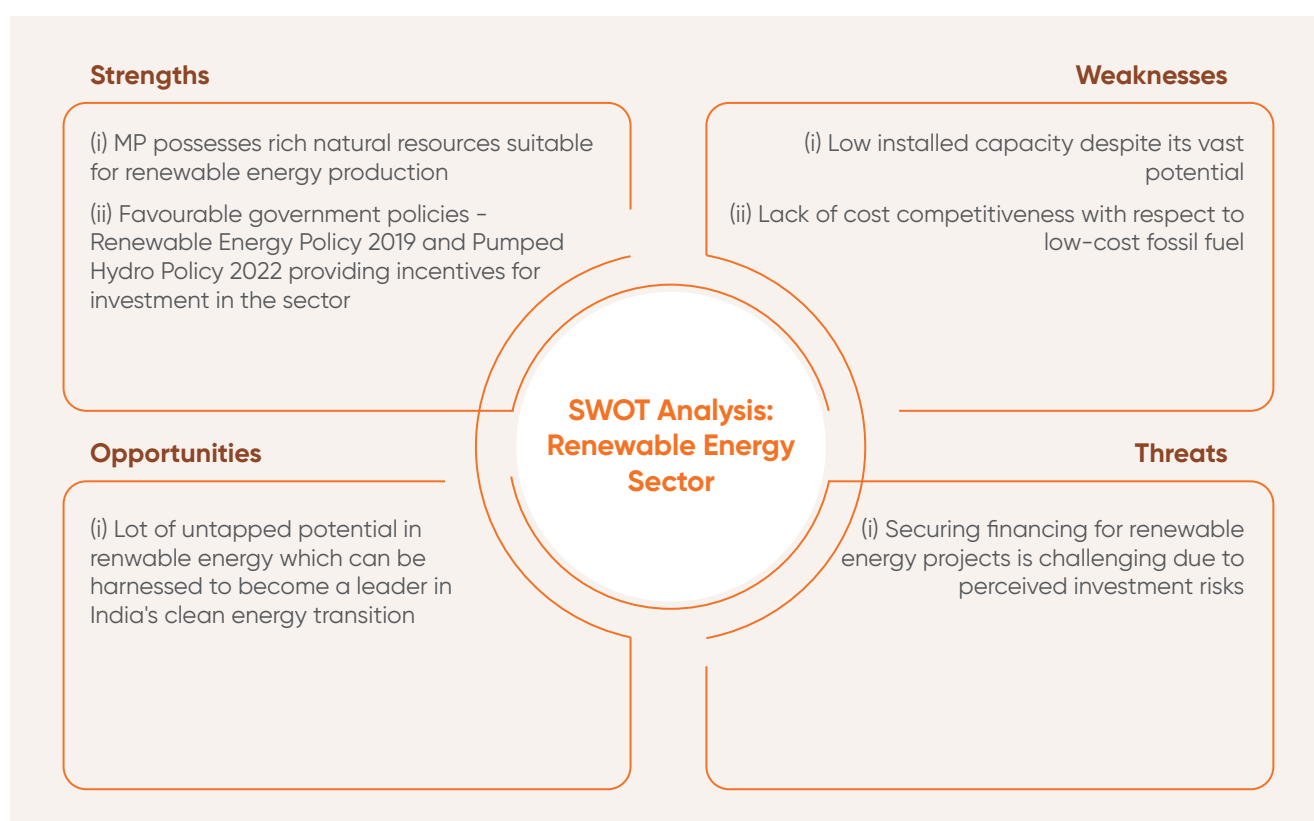
Table 12: Estimated Potential of Renewable Energy

RE Source	Total Energy Potential in India (in MW)	MP Potential Capacity (in MW)	MP Installed Capacity (in MW)
Solar Energy	748990	61660	2746
Wind Power	695509	15404	2519
Biomass Power	17538	1364	131
Small Hydro	21134	820	100

Source: MoSPI and Invest MP Brochure

The following table delineates key sectoral issues, areas of intervention, and policy suggestions:

Key Issues in the Sector	Areas of Intervention	Recommendations
Lack of investment	Investment Promotion	<ul style="list-style-type: none"> (i) Introduce innovative financing mechanisms (like green bonds, risk mitigation instruments) for projects. (ii) Align renewable energy policies with ESG goals.
Lack of cost competitiveness	Technological advancements and Supply chain optimization	<ul style="list-style-type: none"> (i) Invest in R&D to improve efficiency and reduce costs. (ii) Streamline renewable energy supply chain to minimize costs.
Land acquisition and regulatory hurdles	Reduce administrative and regulatory hurdles	<ul style="list-style-type: none"> (i) Streamline land acquisition procedures to expedite projects. (ii) Streamline regulatory frameworks for renewable energy projects.





Conclusion

As we look ahead to 2047, envisioning MP among the top three state economies from the current tenth position requires bold vision, strategic planning and swift execution to transform challenges into opportunities and aspirations into achievements. MP, currently a US\$164.7 billion economy, stands at a critical juncture in its economic trajectory where it has a potential to grow to US\$2.1 trillion economy by 2047-48 by leveraging its strengths, addressing the challenges and adopting a proactive approach to policy formulation and implementation. This report serves as a roadmap for MP's journey towards becoming US\$2.1 trillion economy by 2047 and be an active participant in spearheading the nation's target as India surges ahead to become a US\$35 trillion economy by 2047.

The economic trajectory of MP will depend on the pace of its policy implementation and reform initiatives. If MP intensifies its focus on reform initiatives and policy

implementation, it can propel the economy towards the US\$2.1 trillion mark by 2047-48, with a projected real GSDP growth of 8.6 per cent. This will elevate MP's share in India's GDP to 6.0 per cent from the current 4.6 per cent. To achieve this milestone, the state cannot depend solely on the agriculture sector. It requires a concerted effort to implement critical structural reforms and a transition towards a manufacturing-based economy.

Horizontal and vertical interventions will be the key pillars of MP's growth strategy that will help unlock its full economic potential.

Horizontal interventions revolve around strengthening the foundations of the state's economy, including giving push to infrastructure development, creating skilled workforce, improving ease of doing business and scaling up MSMEs, while boosting exports, transitioning to green economy and innovation in deep tech will

serve as the game changers for the economy.

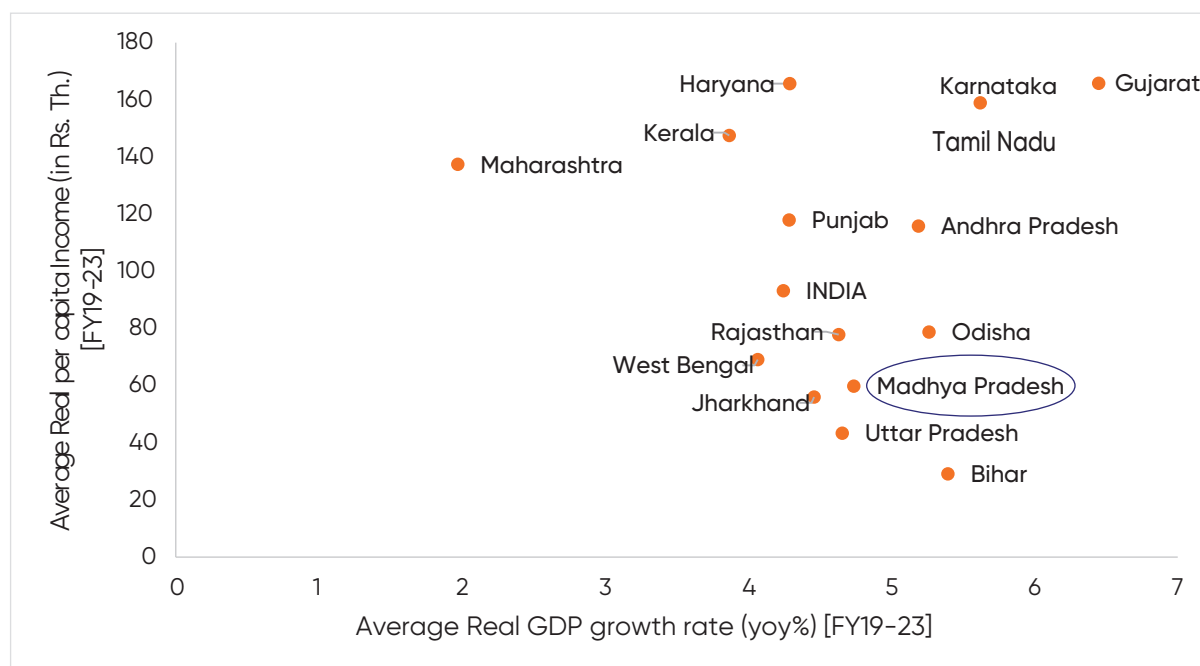
Vertical interventions, on the other hand, target sector-specific growth, prioritizing existing high-impact sectors, such as food processing, textile, pharmaceutical, petrochemicals, logistics and tourism, and nurturing sunrise sectors, including IT, ITeS and ESDM, defence and aerospace, and renewable energy.

Drawing on the sectoral analysis based on secondary data coupled with extensive stakeholder consultations, the report identifies the challenges across various sectors, highlights areas of interventions and presents actionable policy recommendations. By providing a holistic overview of MP's macroeconomic landscape, economic potential, challenges and policy imperatives, the report will enable policymakers to chart a course towards inclusive, prosperous and sustainable Madhya Pradesh @2047.



Annexure

Chart A1: MP vs select States in terms of Per Capita Income and GDP Growth



Source: MoSPI

Table A1: Average Monthly Per Capita Consumption Expenditure (MPCE) in 2023-24

State	Rural	Urban	Urban-Rural differences (%) in MPCE
Jharkhand	2,946	5,393	83.1
Chhattisgarh	2,739	4,927	79.9
Assam	3,793	6,794	79.1
Maharashtra	4,145	7,363	77.6
Gujarat	4,116	7,175	74.3
Odisha	3,357	5,825	73.5
All-India	4,122	6,996	69.7
Telangana	5,435	8,978	65.2
Karnataka	4,903	8,076	64.7
Madhya Pradesh	3,441	5,538	60.9
West Bengal	3,620	5,775	59.5
Haryana	5,377	8,427	56.7
Uttar Pradesh	3,481	5,395	55.0
Rajasthan	4,510	6,574	45.8
Tamil Nadu	5,701	8,165	43.2

State	Rural	Urban	Urban-Rural differences (%) in MPCE
Bihar	3,670	5,080	38.4
Andhra Pradesh	5,327	7,182	34.8
Punjab	5,817	7,359	26.5
Kerala	6,611	7,783	17.7

Note: Difference is calculated by subtracting rural from urban as a percentage of rural
These figures do not consider imputed values of items received free of cost through various social welfare programmes in HCES 2023-24 .

Source: Household Consumption Expenditure Survey (HCES) 2023-24

Table A2: Top* recent investments in the state [FY23-FY25 (till January 2025)]

Company Name	Project Name	Cost (Rs. Million)
ADANI POWER LTD.	Madhya Pradesh Pumped Storage Hydro Power Project	1,50,000
SRI SIDDHARTH INFRATECH & SERVICES (I) PVT. LTD.	Panna & Rewa Renewable Energy Project	1,28,000
HIMADRI SPECIALITY CHEMICAL LTD.	Madhya Pradesh Lithium Iron Phosphate (Chemical) Plant Project	54,250
ADANI LOGISTICS LTD.	Madhya Pradesh Six Multi- Modal Logistics Parks Project	52,500
SHYAM METALICS & ENERGY LTD.	Madhya Pradesh Steel Plant Project	50,400
RITHWIK PROJECTS PVT. LTD.	Panna Renewable Energy Project	40,000
BIRLA CORPORATION LTD.	Badnagar, Ujjain (MP) Cement Plant Project	35,000
IGREL RENEWABLES LTD.	Multi State Wind Power Plant Project	33,000
AMBUJA CEMENTS LTD.	Rewa Cement Plant Project	30,000
DALMIA CEMENT (BHARAT) LTD.	Rewa (MP) Cement and Clinker Unit Project	30,000
HELION PHARMACEUTICALS	Indore Pharmaceuticals Manufacturing Plant Project	30,000
J S W CEMENT LTD.	Panna (MP) Integrated Cement Plant Project	30,000
GOLDCREST CEMENT PVT. LTD.	Neemuch Integrated Cement Plant Project	25,000
JUPITER SOLAR POWER LTD.	Madhya Pradesh Solar Manufacturing Unit Project	25,000
S R F LTD.	Madhya Pradesh Pharma Plant Project	25,000
VARDHMAN TEXTILES LTD.	Spinning Capacity Expansion Project	21,600
ECO CEMENT PANNA PVT. LTD.	Panna Cement Production Plant Project	20,000

Company Name	Project Name	Cost (Rs. Million)
JUNIPER GREEN ENERGY PVT. LTD.	Mandsaur Wind Power Plant Project	18,000
RENEW SAMIR URJA PVT. LTD.	Ratlam Wind Power Plant Project	18,000
PURVAH GREEN POWER PVT. LTD.	Agar One Wind Power Project	17,820
SAGAR CEMENTS (M) PVT. LTD.	Mohasa-Babai Industrial Area (MP) Cement Plant Project	17,500
SERENTICA RENEWABLES INDIA PVT. LTD.	Pachora Wind Power Project	15,600
ADHUNIK CORPORATION LTD.	Madhya Pradesh Steel Plant Project	15,000
V E COMMERCIAL VEHICLES LTD.	Madhya Pradesh Research Centre Project	15,000
K J S CEMENT (I) LTD.	Maihar (MP) Cement Plant Project	14,000
AVAADA ENERGY PVT. LTD.	Dhar Wind Power Plant Project	12,000
RENEW SOLAR POWER PVT. LTD.	Ratlam Wind Power Plant Project	12,000
SPRNG RENEWABLE RESOURCES PVT. LTD.	Ujjain Wind Power Plant Project	10,692
EASY GREEN MOBILITY	Bhopal Electric Bus Manufacturing Plant Project	10,000
NISARG ISPAT PVT. LTD.	Sidhi Graphite Blocks Plant Project	10,000
SUNKIND INDIA PVT. LTD.	Narmadapuram Renewable Energy Project	10,000
VEH SAUR URJA PVT. LTD.	Agar Wind Power Plant Project	9,792
ULTRATECH CEMENT LTD.	Madhepur & Sonara (Rewa) Integrated Cement Plant Expansion Project (Line II) (Bela Cement Works)	9,000
LTIMINDTREE LTD.	Indore IT/ITES Super Corridor Project	8,100
R K SETHIA AGRO PVT. LTD.	Narmadapuram Agriculture & Food Processing Project	8,000
S S G FURNISHING SOLUTIONS LTD.	Madhya Pradesh Technical, Industrial Fabrics & Protective Clothing Project	7,500
FUSE ENERGY SUPPLY (U K) LTD.	Narmadapuram Renewable Energy & Solar Power Projects	6,500
U T L SOLAR	Narmadapuram Renewable Energy Power Project	6,500
JUPITER WAGONS LTD.	Madhya Pradesh Railway Coach Manufacturing Plant Project	5,000
RAMA PANELS PVT. LTD.	Satna Furniture Manufacturing Plant Project	5,000
S M P L INFRA (INDIA) PVT. LTD.	Madhya Pradesh Warehousing Unit Project	5,000
SAGAR STONE INDUSTRIES	Chhatarpur Fertilizer Manufacturing Unit Project	5,000

Note: * above Rs 500 crore ; Source: Extracted from Capex database of CMIE

Table A3: List of government policies in key sectors

Government Policy	Industry	Key Incentives under the Policy
Industrial Promotion Policy 2014 (Amended 2022)	Large Manufacturing Industries	<ul style="list-style-type: none"> • Basic investment promotion assistance • Employment generation incentive • Export incentive • Assistance for infrastructure development • Assistance for green industrialization • Patent charges reimbursement • Interest subsidy
	Food Processing (Additional incentives for Large Scale Food Processing Units)	<ul style="list-style-type: none"> • Investment promotion assistance • Mandi fee reimbursement • Financial assistance for Mega Food Parks and Food Parks • Stamp duty reimbursement • Tariff rebate for green field projects
	Garment (Special package for Large Scale Garment Industries)	<ul style="list-style-type: none"> • Basic investment promotion assistance • Employment generation incentive • Export incentive • Interest subsidy • Assistance for green industrialization • Skill development and training expenses reimbursement • Stamp duty and Registration fee reimbursement • Electricity duty exemption • Fixed electricity tariff
	Logistics and Warehousing	<ul style="list-style-type: none"> • Investment assistance on Gross Fixed Capital Investment • Infrastructure development assistance • Stamp duty and Registration fee reimbursement
MP MSME Development Policy 2021	MSMEs	<ul style="list-style-type: none"> • Investment promotion assistance • Capital subsidy for export oriented units • Financial assistance for quality certifications, energy audit expenses and patents/IPR registration • Reimbursement of expenditure towards infrastructure development
	Pharmaceutical (additional incentives)	<ul style="list-style-type: none"> • Assistance on expenditure incurred for obtaining GMP and USFDA certification • Assistance on expenditure incurred for setting up of pharma labs
	Textile and Apparel (additional incentives)	<ul style="list-style-type: none"> • Interest subsidy • Exemption for electricity duty and fixed power tariff • Employment generation subsidy • Reimbursement of training expense • Reimbursement of stamp duty and registration fee

Government Policy	Industry	Key Incentives under the Policy
	Food Processing	<ul style="list-style-type: none"> • Power tariff rebate • Mandi fee exemption • Reimbursement for expenditure towards infrastructure development
MP IT, ITeS, ESDM Investment Promotion Policy 2023	IT, ITeS and ESDM	<ul style="list-style-type: none"> • Capital expenditure assistance • Rental and employment generation assistance • Rebate on stamp duty and registration charges • Interest subsidy • Land benefits • Patent certification assistance
MP Health Sector Investment Promotion Scheme 2020	Healthcare	<ul style="list-style-type: none"> • Financial assistance to Nursing Colleges • Capital subsidy • Land allotment concession
MP Tourism Policy 2016 (Amended 2019)	Tourism	<ul style="list-style-type: none"> • Fixed reserve price for allotment of land/heritage assets • Reimbursement of stamp duty and registration charges • Capital Investment subsidy • Investment promotion assistance for Large/Mega/Ultra-mega tourism projects • Subsidy for responsible tourism • Assistance for tourism marketing
MP Film Tourism Policy 2020	Tourism	<ul style="list-style-type: none"> • Financial assistance for FEATURE Films projects • Infrastructure development subsidy • Marketing and promotional assistance • Single window to provide time bound clearance for film makers
MP Renewable Energy Policy 2022	Renewable Energy	<p>Incentives for RE developers, RE sources Energy Storage projects, RE equipment manufacturers and production of Green Hydrogen</p> <ul style="list-style-type: none"> • Government land at concessional rate • Reimbursement on stamp duty • Exemption from electricity duty • Exemption from Energy Development Cess • Financial support to premier technical institutions for undertaking feasibility studies
MP Pumped Hydro Policy 2022	Renewable Energy	<p>Incentives for Pumped Hydro Storage project developers</p> <ul style="list-style-type: none"> • Government land on concessional rate • Reimbursement on stamp duty • Exemption on electricity duty • Exemption from registration and facilitation fees

Source: Collated from government documents



Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society, through advisory and consultative processes.

For more than 125 years, CII has been engaged in shaping India's development journey and works proactively on transforming Indian Industry's engagement in national development. With its extensive network across the country and the world, CII serves as a reference point for Indian industry and the international business community.

In the journey of India's economic resurgence, CII facilitates the multifaceted contributions of the Indian Industry, charting a path towards a prosperous and sustainable future. With this backdrop, CII has identified "Globally Competitive India: Partnerships for Sustainable and Inclusive Growth" as its Theme for 2024-25, prioritizing 5 key pillars. During this year, it would align its policy recommendations, initiatives, and activities with this overarching framework to facilitate strategic actions for driving India's global competitiveness and growth through a robust and resilient Indian Industry.



Confederation of Indian Industry

RESEARCH

CII Research is an Industry think-tank providing thought leadership on strategic economic and industry issues critical to national growth and development. Drawing on a deep reservoir of industry leaders and industry associations spanning all sectors and present across the country, CII Research originates analytical reports in consultation with stakeholders. Based on strategic perceptions and data, these in-depth insights suggest specific policies and action plans that would enhance the role of Indian industry in nation-building.

Confederation of Indian Industry

The Mantosh Sondhi Centre
23, Institutional Area, Lodi Road, New Delhi – 110 003 (India)
T: 91 11 45771000
E: info@cii.in • W: www.cii.in

Follow us on:



[cii.in/facebook](https://www.cii.in/facebook)



[cii.in/twitter](https://www.cii.in/twitter)



[cii.in/linkedin](https://www.cii.in/linkedin)



[cii.in/youtube](https://www.cii.in/youtube)

Reach us via CII Membership Helpline Number: 1800-103-1244