



*Celebrating Two Decades of Analytical Excellence*

Progressive Maharashtra, 2014  
- *D R Dogra, MD & CEO, CARE Ratings*  
*February 13, 2014*

---

# Maharashtra, one of the best performing states

- Largest state economy, contributing more than 15% in India's GDP
- Maharashtra registered a healthy compound annual growth rate (CAGR) of 9.25% during FY04-FY13, higher than the national average of 8%.
- Maharashtra ranks first as the destination for foreign direct investments (FDI) in the country.
- Maharashtra has always attracted large quantum of investment in the country

## Expenditure

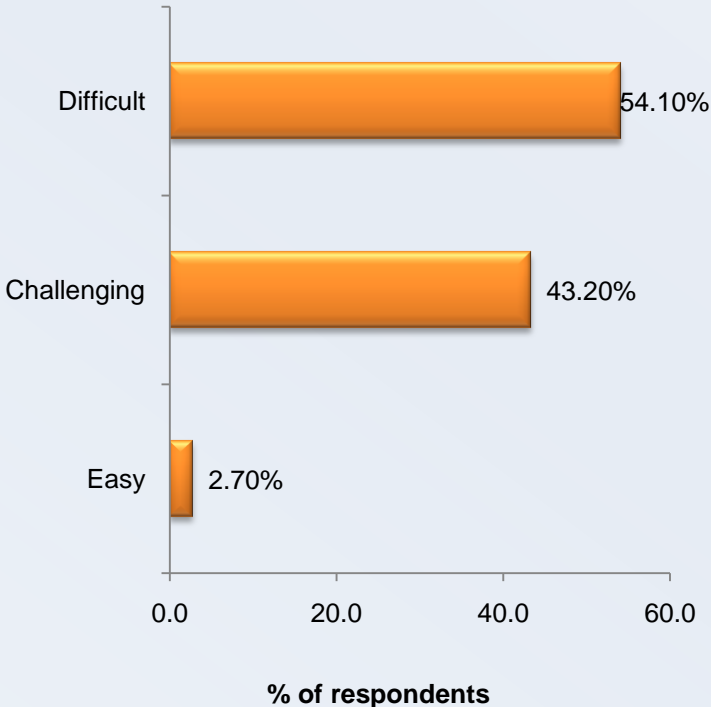
- Maharashtra government incurs one of the highest capital expenditure
  - Share of 9.25% in the country's total capital expenditure/outlay in FY13,
  - Maharashtra's capital expenditure nearly doubled during the 6 year period since FY08
  - Highest capital outlay when compared with its peer states i.e., Tamil Nadu (8.59%), Gujarat (8.46%), Andhra Pradesh (8.23%), and Karnataka (5.96%).
- Maharashtra's capital spending has been concentrated on development expenditure (96% of total)
  - Irrigation & flood control activities
  - Transport
  - Energy
  - Welfare programmes
  - Medical & health care
  - Water supply, sanitation, housing and urban development

- However, some trends are changing
  - FY13 saw announcement of fresh investments drop by 43% to Rs. 51,933 cr
  - The state has been seeing an increase in dropped investments i.e. projects that have been stalled, abandoned and shelved; grown manifold from Rs. 21,057 cr in FY10 to Rs. 94,206 cr in FY13.
  - FDI inflows declining when compared with FY09
    - The state has seen a 30% decline in the quantum of FDI from \$12.4 bn in FY09 to \$8.7 bn in FY13

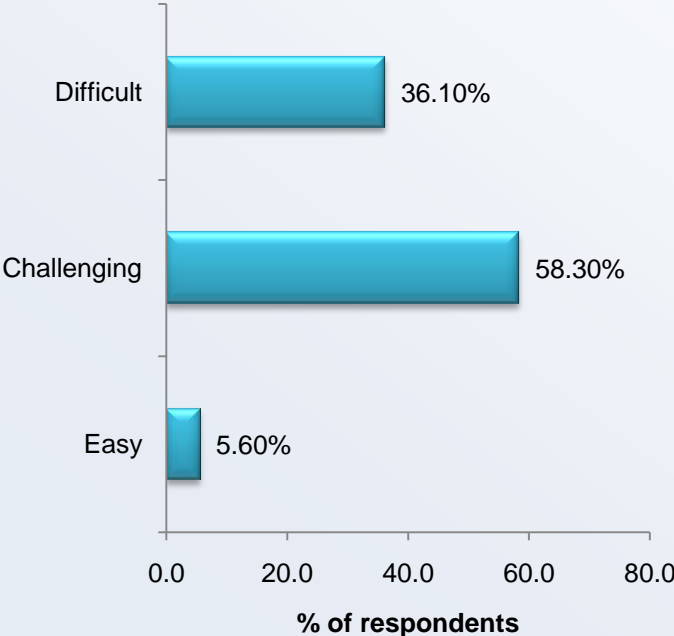
*... the slowdown at the national level has affected investment in Maharashtra*

- Availability of infrastructural facilities
- Procedural delays
- Employment policies
- Lack of training for personnel
- Need for incentives
  - Development of industrial zones
- High stamp duty rates
- High Property Tax

## Land Acquisition

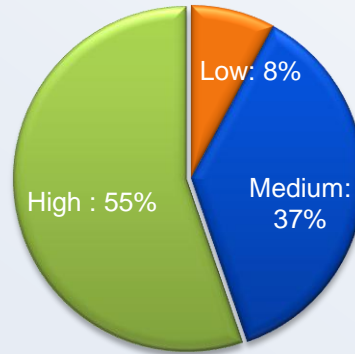


## Construction permits

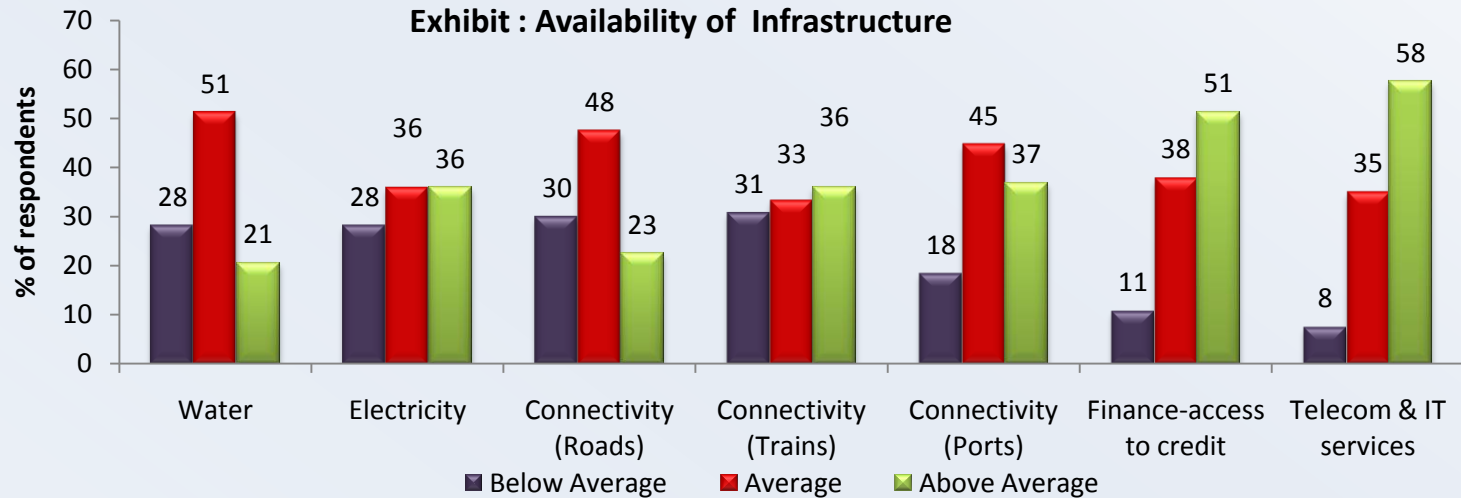


\*: Sample though small may still be indicative of the general issues

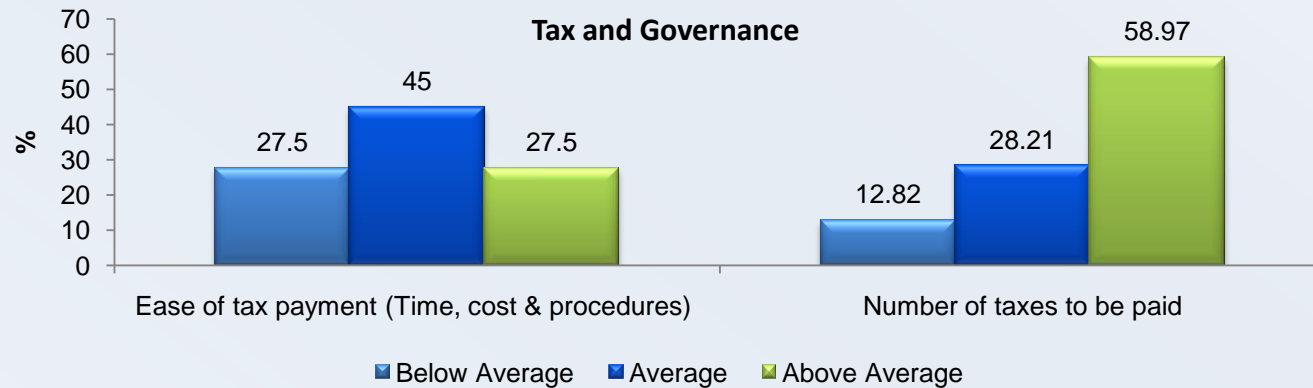
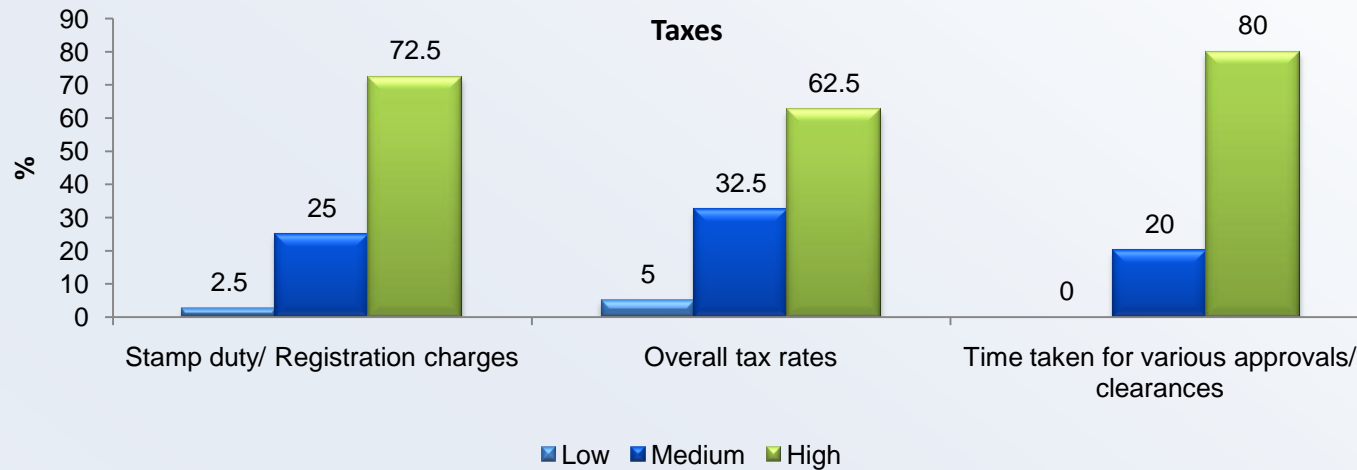
**Rent Charges (% of respondents)**



**Exhibit : Availability of Infrastructure**







- Single window clearance system
- Greater transparency
- Development of Infrastructure facilities
- Well Developed industrial zones
- Liberalization of trade policies
- Improvement in labor laws
- Protect investor's interest
- Regular interaction with industry
- Taxes/duties to be reduced

Thank you