

Panel discussion

Reforms have been announced, but need to percolate to the local level



(From left): Hari Nair, founder and CEO, HolidayIQ; Rajat Agrawal, Managing Director, Gravita India, and Chairman, CII Rajasthan State Council; Veenu Gupta, former state Industry Secretary; Gajendra Singh, Rajasthan Industry Minister; A K Bajoria, Director and President, J K Tyre and Ashok Kajaria, Chairman and Managing Director, Kajaria Ceramics, and Chairman, Ficci Rajasthan State Council, at the Business Standard Rajasthan Round Table 2016

A distinguished panel took part in the Business Standard Rajasthan Round Table 2016, held recently in Jaipur. The panellists by and large felt that though the state was industry-friendly, this positive climate had yet to fully percolate down to the local level, and that government and industry representatives needed to meet more frequently to identify problem areas. It was also felt that Rajasthan needed to market itself more aggressively to investors in other states. The availability of skilled manpower was considered adequate. However, it was agreed that much more needed to be done to make the state a more attractive tourism product for Indian travellers. Edited excerpts:

Moderator: Mr Singh, to understand Rajasthan's economic policies and its connect with people, we can start with what are your worry areas and what should the state government be mindful of? Give us a brief perspective and we can ask our panellists to respond to some of the issues.

Gajendra Singh: One thing which was very detrimental to the economy of Rajasthan was the state's debt. When we came to power in 2003, the debt was not that high. When we left in 2008 and came back to power in 2013, the fiscal indiscipline which was committed by the previous government was enormous. I will give you the example of the energy department. It is not a profitable department because we are giving subsidised electricity to farmers and

then there is a lot of theft that takes place. Even then, when we left, the total our discoms owed the financial institutions was about ₹15,000 crore. But in five years' time this debt went up to as much as ₹75,000 crore.

Moderator: For the state alone?

Gajendra Singh: From ₹15,000 crore to ₹75,000 crore with ₹10,000 crore as your interest factor, ₹10,000 crore is the loss of the discom. The first thing industries want is that energy should be cheap. With the department in such deep debt we can't make electricity cheaper. This is something which was inherited by our government.

There are many schemes and lots of funding taking place. But the results take a little time. If we can have two consecutive terms — that means ten years — that is when a state really starts to turn around. We have to first mop up the mess which the last government created. Now looking at industries, this time in Resurgent Rajasthan we took care to sign MoUs where the parties were serious. We made sure that they were interested in investing. We looked at their background. What



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INDUSTRY MINISTER

has been their track record? Are they serious or are they not serious? In 60-65 per cent of the MoUs signed, either the works have started or the land has been allotted, or people are still looking for land. That is a very good response. Energy is one thing which is top-heavy. But now with the new solar policy, they are going to bridge the gap by VGF funding. Solar is now ₹4 a unit, it is now on the threshold of takeoff. The moment that happens, the whole situation in Rajasthan is going to change, especially with the green corridor coming up. The financials are going to change tremendously.

Moderator: You have brought about many significant policy changes both in land and labour. Have you begun seeing its positive impact on industries coming from other states? One view from New Delhi was that if states start doing their land reforms and labour reforms, which you have done in small measure, there would be investments in adjoining states, potential investments. And they will start flowing towards Rajasthan. Are there any such indications?

Gajendra Singh: All the states have become very competitive. It is a question of survival of the fittest. Andhra is seeing what Rajasthan is doing and Rajasthan is seeing what Gujarat is doing. The plus factor for all industrialists is that we have our own demand, because 65 per cent of our population is under the age of 35. The challenge for any government today is creating jobs. Every state is working hard to be competitive. In ease of doing business we are now rated by the World Bank in the top 5. Then there is single window clearance. There are a lot of things we are trying to rectify. Whether it's agriculture, medical health, or education, we are trying to see how bottlenecks can be removed. A land bank of 10,000 hectares has been created. We have plenty of land. But then the one disadvantage that we have is the water problem. So we are opening out. An investor sees the climate of the state. He sees the leadership. He sees the policies of the government. And let me tell you, the policies of the government are very, very pro-industry.

Moderator: Let me turn to my industry colleagues on the panel. Mr Kajaria, Mr Singh explained how the policy changes are working out. What is your sense of the ground-level changes, since you have facilities in the state? And have they begun impacting the environment?

Ashok Kajaria: We are working in four states — Uttar Pradesh, where we started, Rajasthan, Andhra and Gujarat. This is one of the very positive states. Their new policy came out on October 8, 2014. We had committed an investment of ₹400 crores by September 2017 or 2018. We have already invested ₹225 crore and we have the vision to invest another ₹200 crore. But I have a suggestion. A lot of plants and investments have come after October 2014. You have to highlight that, because that will also attract others. All those who are already there are your ambassadors. People should know that so many plants have come up after October 2014. Difficulties are there in every state. But you have to market your state and talk about the good things you have done. This will attract people from other states. There are a lot of problems in states like Haryana and UP, we are already there. But simultaneously you must target investors.

Moderator: Any suggestions?

Gajendra Singh: I agree with Mr Kajaria. We must meet more often. Please do come, exchange views, and tell us your problems. Otherwise how will we come to know your problems? How will the doctor come to know the patient's symptoms? We are not doing you a favour. If we are not competitive, you all will not come to our state.

Moderator: Mr Singh, why don't you set up an industry council? An industry council which can actually be a standing body?

Ashok Kajaria: In the two and a half years that Ms Veenu Gupta has been there, we must have met umpteen times. Whenever we have a problem and have come with a proposal, it has been resolved in good time. Market yourself and you will achieve the desired result — that is all I can say.

Moderator: It is an excellent suggestion. I think the ministry is also forthcoming on this. Mr Bajoria, your unit is also in the state and JK Tyre is one of the leading companies in the country. What is your perspective on what is happening in Rajasthan? Just as Mr Kajaria talked about marketing issues, what is your take on the state of development in the state and what needs to be done?

A K Bajoria: Out of about ₹10,000 crore turnover that JK Tyres is expecting in 2016-17, almost ₹1,200 crore — or about ₹100 crore a month — will come from Rajasthan. When we established the first mother plant in Kankroli in the 1970s, our turnover was just ₹3-4 crore per month. The population of Kankroli was just about 15,000, and today it is almost three lakh. We have invested more than ₹700 crore since that time, and we are constantly bringing newer equipment every year. And of the 14,000 people that we employ, about 1,500 people are in Rajasthan. I have a humble suggestion. We have invested ₹2,500 crore in Chennai, which is supposed to be the Detroit of India, and tyres are also an auto component. In Tamil Nadu we have invested ₹2,500 crore, of which the eligible assets for refund of tax are ₹1,500 crore in a span of 14 years from the day we commissioned the plant, from the sales which takes place in the state. We have already accumulated ₹100 crore in the last two and a half years from sales made in the state, and we still have almost another 12 years to go. So, we will get back at least 40-50 per cent of the eligible assets. So perhaps you can do some such tweaking. In the last 10 years industry in Rajasthan has shown a decline of almost 10 per cent. Now there is no reason why this should be so. We operate in five states of India, and I can say that Rajasthan is one of the most peaceful states. In fact, we are very happy in Rajasthan.



RAJASTHAN NEEDS TO TALK ABOUT THE GOOD WORK IT IS DOING FOR INDUSTRY
ASHOK KAJARIA
CHAIRMAN & MD,
KAJARIA CERAMICS



Glittering function: A view of the audience at the Round Table. The discussion covered issues such as jobs, governance, legal reforms, small industry, administrative reforms, single window clearances, infrastructure, tourism and agriculture