



MONTHLY ECONOMIC REVIEW

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Guest Editorial

A sudden stumble

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Mr Neotia is the Chairman of the Ambuja Realty Group which is involved with Real Estate development. Mr Neotia was conferred with Padmasbri by the Hon'ble President of India in 1999 for his outstanding initiative in social housing. He was also honoured with YPO Legacy of Honour Award in 2005.



Mr Neotia is a Member on the Board of Governors of Indian Institute of Management, Kolkata. Mr Neotia is the former Chairman of CII, Eastern Region and also a member of its National Council. He is also the Honorary Consul of Israel in West Bengal.

Ever since the introduction of the Industrial Policy in 1994, there has been a slow but steady increase in investor confidence. Over the last 3-4 years in particular, there has been a perceptible increase in investor interest, both Indian and foreign alike, in the potential of West Bengal and its industry friendly government. All of us who live here and have invested

substantially in the state felt optimistic about the possibilities. This was until Nandigram and Singur happened. Two events that severely daunted the dream run. The agenda clearly shifted from nature of industrialization to challenges of land acquisition.

Challenges

The new challenge was how to find suitable land, in continuous large tracts, in close proximity to developed infrastructure and at reasonable prices. The success of land reforms that had resulted in the economic empowerment of the farmers and the consequent agrarian success, had also resulted in fragmentation of holdings. 3 to 8 families were dependent on 1 acre of land. Besides, almost all land in the immediate proximity of large settlements was cultivable, fertile and in many cases inhabited by village clusters. The bountiful sunshine, the rich alluvial soil and abundant rainfall which had helped create the 'Sonar Bangla' allure had now become the nemesis for making land available for industrial development.

It is hardly possible to acquire large contiguous tracts of land through private acquisition. Acquisition by government seems to be a necessary recourse but is often deeply resisted by the people due to two reasons - failure to provide adequate compensation and perceived unfairness in forcibly acquiring someone's land and livelihood for private profit.

The major urban centres of West Bengal are located in areas surrounded by extremely fertile and irrigated land. The few locations in West Bengal where you can find some tracks of uncultivable land are remote and infrastructurally poor.

Land

The long term option would be to acquire very large tracts of land in locations presently un-served by modern infrastructure and where lands are less cultivable. Land acquisition may be easier and the required compensation to be paid would be reasonable. The money thus saved could be used to build proper connectivity and infrastructure.

For the short term, we need to find a process that delivers the benefit of industrial development in a particular region to the land-losers. One way could be to acquire 25% more land than what is needed by the project and redistribute this as small parcels of developed land to the land losers. This would be in addition to the financial compensation. These parcels of land can then be utilised by the land-losers to build homes, commercial establishments or can be sold off by them when the price of land escalates

Roadways

There has been a significant improvement in the National Highway which connects Kolkata to the rest of India. However, the North-South corridor that links Siliguri to Kolkata is in need of urgent attention. It is a major lifeline and its strengthening and widening can play a significant role in spurring economic activity along these corridor.

Power

For the past few years, we have had a very stable and sufficient power situation in West Bengal. However, with demand continuously increasing due to industrial and