

ASSOCHAM
INVESTMENT
METER

(Press Release)

**“Corporate Investment Assessment
Across States and Sectors”**

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**Prepared by
Assocham Research Bureau**

Gujarat, Orissa and Andhra Pradesh top three domestic investment destinations of 2009: ASSOCHAM

Undeterred by the economic slowdown, the domestic investment announcements of India Inc. registered a growth of 16 per cent during the calendar year 2009 over 2008 with Gujarat, Orissa and Andhra Pradesh emerging as frontrunners, according to the analysis of Assocham Investment Meter (AIM) Study on corporate investments.

As per the annual AIM assessment report for corporate investments across states and sectors, total investment plans of India Inc. increased significantly from Rs 13,80,099 crore in 2008 to Rs 15,94,203 crore in 2009; out of which Gujarat, Orissa and Andhra Pradesh carved out a majority share of 15.4 per cent, 12.6 per cent and 8.1 per cent respectively.

The intensity of corporate investment activity during the period of economic downturn has proved the relative resilience of Indian economy.

“The robustness in corporate investment activity on the Indian soil shows how competently the economy has managed to weather the storm of unprecedented global financial crisis” said Mr. D.S. Rawat, Secretary General, Assocham.

In this context, Mr. Rawat however points out the fact that the implementation of these investment projects has been hampered by a slew of hurdles. These include, land acquisition problems, bureaucratic inertia, ongoing economic slowdown and depressed export market conditions. The government needs to address these issues on priority basis in order to realize the fruits of these investments.

Among the top investment attracting states, Gujarat registered the highest share in domestic investment plans during the January to December period of 2009. The state

witnessed Rs. 2,45,352 crore worth of investment plans. Helped by the investor friendly policies of the state government which led to a smooth relocation of the Tata Nano project, the state attracted majority of investment plans in the real estate, power and infrastructure sectors.

Orissa stood at second position after Gujarat and recorded investment proposals worth Rs. 2,00,846 crore during the last year. The availability of rich mineral resources such as coal and iron ore along with cheap availability of manpower attracted massive investments in Orissa. Steel and power were among the sectors which attracted maximum investments in the state.

Successful commencement of gas production from the D6 block of KG basin helped Andhra Pradesh to rank amongst the top three states in attracting corporate investors in 2009. The state recorded investment plans to the tune of Rs. 1,29,157 crore. Energy and the real estate were among the major sectors that attracted maximum investments.

State wise domestic investment plans of India Inc during 2009 (Value in Rs. Crore)					
Frontrunner States		Mediocre States		Laggard States	
State	Proposed Investment	State	Proposed Investment	State	Proposed Investment
Gujarat	2,45,352	Chhattisgarh	64,433	Uttar Pradesh	16,485
Orissa	2,00,846	Madhya Pradesh	54,701	Haryana	11,857
Andhra Pradesh	1,29,157	Rajasthan	51,270	Punjab	4,522
Karnataka	1,06,092	Jharkhand	46,185	Himachal Pradesh	4,077
Maharashtra	91,824	West Bengal	28,000	Assam	1,850
Tamilnadu	83,439	Kerala	23,865	Meghalaya	850

Source: Assocham Investment Meter

Karnataka and Maharashtra stood at fourth and fifth position by attracting investment plans worth Rs. 1,06,092 crore and Rs. 91,824 crore respectively during 2009. Karnataka has cashed in its investor friendly image by attracting a proposal of setting up a six-

million-tonne integrated steel plant by Arcelor Mittal whereas benefitted by its financial infrastructure; Maharashtra has also been among the leading investment destinations in the country.

In terms of sectoral analysis, the Assocham Study shows that the power sector was the major investment attracting sector for 2009. The sector attracted investment plans worth Rs. 4,14,327 crore with a share of 26 per cent in the overall investment plans across the country.

Following the power sector, real estate and energy sector were amongst the top investment attracting sectors during the year. Real estate sector witnessed proposed investment plans worth Rs. 2,57,314 crore whereas energy sector attracted proposed investments to the tune of Rs. 1,98,565 crore.

Other sectors which recorded high flowing corporate investments during the last year were metals & mining (Rs. 1,59,534 crore), infrastructure (Rs. 74,210 crore), hospitality (Rs. 43,746 crore), auto/auto components (Rs. 38,150 crore) and telecom (Rs. 34,461 crore).