

ASSOCHAM INVESTMENT METER

“Orissa leads States with capex of Rs. 92,035 crore lined up in Q4”

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Orissa leads States with capex of Rs. 92,035 crore lined up in Q4: ASSOCHAM Study

India Inc. lined up investment plans of almost Rs. 92,035 crore in Orissa during Jan-Mar 2008, with Rs. 45,000 crore flowing to steel sector alone, state the readings of ASSOCHAM Investment Meter (AIM).

According to the AIM study on “Statewise Investments”, Orissa topped the chart claiming almost 30 per cent of the total investments announced during the last quarter of 2007-08 totaling to Rs. 3,25,285 crore. West Bengal and Andhra Pradesh followed with the capex announcements of nearly Rs. 67,361 crore and Rs. 58,226 crore.

“The mineral rich states are attracting huge investments in sectors such as Steel, Oil & Gas and Power”, says Mr. Venugopal N Dhoot, President ASSOCHAM.

As per the corporate announcements tracked during Q4 of 2007-08, India Inc. did not divulge any significant investment plans in the states of Kerala, Himachal Pradesh, Uttarakhand and Jammu & Kashmir.

Furthermore, Assam was the only north-eastern state to have any prominent investment announced over the three months ending March 2008. The power sector is expected to receive capital outlay of about Rs. 4,375 crore. The power major NTPC was the key investor disclosing its plans to invest in the state.

Home to huge iron ore and coal reserves, Orissa has emerged as a preferred destination for the players in steel producers. They intend to invest as much as Rs. 45,000 crore to install steel plants with aggregate capacity of 18.5 million tonne. The major players having lined up capex announcements in the state were Vedanta Resources, Tata Steel, Mesco Steel and Bhushan Steel.

Other prominent sectors attracting investors' interest in the state include the power sector and the oil & gas sector. The industry pronounced to deploy about Rs. 7,875 crore in power sector and Rs. 4,560 crore in Oil & Gas. Gujarat Mineral Development Cooperation (power) and Reliance Industries (Oil & Gas) were the big-ticket investors.

States Attracting Investments

States	Amount (In Rs. Crore)	Prominent Sectors
Orissa	92,035	Steel, Power, Oil & Gas
West Bengal	67,361	Metals, Oil & Gas, Steel
Andhra Pradesh	58,226	Oil & Gas, Real Estate, Pharma
Chhattisgarh	34,587	Power, Steel
Punjab	14,650	Power

Data Source: Corporate Announcements in Jan-Mar 2008

West Bengal attracted about 21 per cent of the of the total capital outlay proclaimed across the country over the same time period. The sectors that drew maximum capex announcements were Metals and Oil & Gas. A sum of Rs. 20,000 crore is planned to be spent in each of the sectors by the Vedanta Group and Cals Refineries.

Steel players too lined up almost Rs. 11,900 crore for setting up of steel plants in the state. Other major sectors were Ports & Shipping (Rs. 2,000 crore) and Power (Rs. 1,010 crore). Apart from the Rs. 1,010 crore in power projects, corporates also intend to invest in captive power projects in West Bengal.

Andhra Pradesh received 18 per cent of the capex planned by the industry over Q4 of 2007-08. Nearly 90 per cent of the funds flowing to the state were allocated to the Oil & Gas sector. The sector majors envisaged to invest close to Rs. 52,000 crore in the state.

While Hinduja Group in association with the state-owned ONGC intends to set up a refinery in Kakinada, Reliance Industries would invest in the development of Krishna-Godavari Basin.

Besides, the industry majors earmarked Rs. 3,300 crore for real estate development in the state. The pharma sector witnessed investment announcements of Rs. 2,000 crore. The sectors attracting investments of Rs. 100 crore and above included cement, auto & ancillary, aviation, entertainment and breweries.

Chhattisgarh was host to outlay plans of about Rs. 34,587 crore, as per the capex announcements made during the time period of Jan-Mar 2008. Most of the capital spending was proclaimed in the sectors of power and steel. The planned investment in these sectors was Rs. 17,375 crore and Rs. 16,000 crore.

Tata Steel and Gujarat Mineral Development Cooperation were among the major investors planning to deploy funds in the steel and power sectors of Chhattisgarh. About Rs. 1,200 crore would flow into Real Estate for building up of townships.

The corporate India plans to spend a total of Rs. 14,650 crore in the state of Punjab. As per the corporate announcements made over the last quarter of the financial year 2008, almost Rs. 14,000 crore may be incurred in setting up of thermal power projects across the state. GVK Power & Infrastructure was the main investor. Nearly Rs. 650 crore was committed to the textile sector.