

India's richest state, Maharashtra, undergoing major makeover

By **Vikram Khanna**
vikram@sph.com.sg

Singapore

INDIA'S richest state, Maharashtra, which includes the country's financial capital Mumbai is in the throes of a major makeover – and the results are already showing, in the form of rising foreign investment and buoyant growth.

A government led by 47-year-old Devendra Fadnavis of India's ruling Bharatiya Janata Party, who has been in office since October 2014, is pulling out all the stops to ramp up infrastructure, ease business regulations and revive the state's once-ailing farm sector.

In a talk yesterday organised by the Institute of South Asian Studies and the High Commission of India, Mr Fadnavis outlined the initiatives that his government was taking to boost Maharashtra, which accounts for 15 per cent of India's GDP and has a population of 114 million.

To improve the ease of doing business, Mr Fadnavis's government has relaxed regulations and speeded up the granting of approvals and licences as well as the normally notoriously slow process of land acquisition.

For example, the number of approvals needed to start an industry has fallen from 76 to less than 25, and they are granted digitally. Getting a building plan approved, which used to take about one year, now takes less than 30 days. And under a new law, businesses can be allowed to run 24 hours a day seven days a week.

Land acquisition processes for projects have also been improved and offer prices to farmers raised. Thus, acquisitions that would previously take 3-4 years are now completed within three months. "Now, farmers want us to acquire their land," said Mr Fadnavis.

The Fadnavis government has also launched a massive drive to boost infrastructure in the state, which includes ambitious plans to expand road and rail links as well as ports and airports.

Key projects include:

- The Mumbai metro, which is expanding its capacity from around 4.8 million passengers now to nine million by 2021, and which will reduce vehicular traffic in the congested city by about one third;
- A 22 kilometre link between Mumbai and its twin city, New Mumbai, across the harbour that lies between them;



Mr Fadnavis at the ground-breaking of the high speed rail project on Sept 14 in Ahmedabad. He says a "paradigm shift" is now under way in Maharashtra's agricultural sector.

PHOTO: AFP

- A new airport in New Mumbai;
- New coastal roads that would further help decongest city roads;
- Redevelopment of the land owned by the Mumbai Port Trust (the city's biggest landowner) into a smart city, with the port being shifted to the coastal town of Rewas, about 16 km south-east of Mumbai; and
- A 700 km "superexpressway" from Mumbai to the city of Nagpur, with 22 "smart cities" planned along this corridor, themed around various economic activities including information technology, food processing and manufacturing.

The process of approving major projects has also been streamlined. Normally, such projects need the approval of 17 different government authorities – a process that used to take months or even years. Mr Fadnavis has created a "war room" for project approvals, where all approving authorities are required to be present at the same time – either personally or by video link – and give their verdicts on projects on the spot.

Reforms are also afoot in Maharashtra's agricultural sector which employs about half the state's population, yet accounts for only 10 per cent of its GDP. In the past, government policies towards the often drought-prone farm sector focused mainly on relief and rehabilitation.

Mr Fadnavis said that a "paradigm

shift" is now under way, with the government adopting a more investment-focused approach. Over the last year, Maharashtra's public investment in agriculture has risen 30 per cent, with increases in outlays on water conservation, irrigation and cold chains. As a result, the state's farm sector grew 13 per cent in 2016-17, compared to a decline of 5 per cent a year earlier.

The state's overall economic growth has also improved and is faster than that of India as a whole. According to the latest economic survey, Maharashtra's GDP expanded 9.4 per cent in 2016/17, compared to 8.5 per cent in 2015/16.

But the most dramatic has been the windfall in foreign direct investment that Maharashtra state is enjoying. Whereas in the past, it typically accounted for about one third of all foreign direct investment into India, in 2016/17, its share jumped to US\$29 billion or 51 per cent of the total. This is a more than threefold increase from the US\$8.7 billion of FDI into Maharashtra in 2012-2013.

During his two-day trip to Singapore, Mr Fadnavis will meet business leaders and investors. He is also scheduled to meet Prime Minister Lee Hsien Loong, Deputy Prime Minister Tharman Shanmugaratnam and Minister of Trade and Industry (Industry) S Iswaran.