

II COMPETITIVE ANALYSIS

2.1 Competitive analysis of Chhattisgarh

Before embarking on a Visioning exercise it is important to assess the State's potential in terms of its inherent strengths and weaknesses. The SWOT analysis presented herein (Exhibit II.1) is not intended to be exhaustive. However, it is indicative of some of the primary issues that the State will need to contend with, going forward.

Exhibit II.1

Strengths	Opportunities
<ul style="list-style-type: none"> Rich mineral and natural resources Surplus power Low land cost Favourable industrial climate Fiscal position 	<ul style="list-style-type: none"> 'New State' advantage Energy deficit in the country Location - Logistic hub Services Industry Partnerships
<ul style="list-style-type: none"> Landlocked and limited local markets Vulnerability to drought Poor communication and physical infrastructure Non-availability of skilled manpower 	<ul style="list-style-type: none"> Over dependence on natural resources could lead to lop-sided development Suspicion & opposition to change in minds of the people Short term political compulsions
Weaknesses	Threats

The absence of large local markets, skilled labour and adequate physical infrastructure are some of the key weaknesses of the State

WEAKNESSES

- Landlocked and limited local markets**
As a virtually landlocked area, the State has to depend heavily on its road and railway network, which is to a considerable extent limited. Additionally a large rural population coupled with low per capita income limits the size of the local market. However, a few cities in the State have demonstrated the potential to develop into substantial local markets, as is evident from their current levels of per capita spending
- Low telephone density**
The telephone density of approximately 1 in the State is low compared to the national average. This particularly inhibits the efficient functioning of the service industry that depends heavily on Information and Communication Technology (ICTs).

Low urbanisation and lack of adequate physical infrastructure are the key reasons why Chhattisgarh ranks low on national perception

- **Low skilled labour**
The relatively low level of industrialisation in the State has limited the development of skilled labour. The current availability of skilled labour is further restricted to select industries only due to the absence of a divergent industrial base
- **Limited physical infrastructure**
The State still has vast areas of undeveloped land and some regions that have been untouched by modern development. While this is the result of years of prior neglect in developing proper physical infrastructure it now constitutes the weakest link in the progress towards economic development
- **Frequent droughts**
Although the average rainfall in Chhattisgarh compares well with several other states, neglect of traditional water preservation practices in recent times has led to frequent droughts. Further, the proportion of irrigated area in the State is only 16 percent of the total cultivable area. There is however, potential to raise the proportion of irrigated area to 75 percent of the total cultivable area
- **Low urbanisation**
The State ranks low on urbanisation index with limited number of urban centres, which are confined to central Chhattisgarh. Low urbanisation and lack of adequate physical infrastructure are the key reasons why Chhattisgarh is low on national perception, and also ranks low on development indicators along with the perceived potential for development

THREATS

- **Over dependence on natural resources**
The State must take care to use its natural resources judiciously. An emphasis on balanced and all-round development would be essential to ensure environmentally sustainable growth. Having said that, there is little doubt that the optimal utilisation of natural assets holds the key to State's development process
- **Political compulsions**
Political will at all levels is a must to enable any kind of change. Any disruption in the pace or direction of proposed reforms could hamper the swift movement towards economic development
- **Suspicion of and opposition to change**
The people of the newly formed State being accustomed to prior neglect, may look upon any kind of change with doubt or suspicion. The State must, in the spirit of participatory democracy, take steps to build consensus

and infuse a sense of confidence in its people with specific reference to the objectives, direction and pace of economic development

While it is absolutely essential to understand the weaknesses and threats (significant but not exhaustive), it is the aggregate of strengths and opportunities that infuses the State and its people with a sense of optimism about the future.

STRENGTHS

- ***Rich natural resources***

Undoubtedly the biggest strength of the State, Chhattisgarh used to contribute 46% of mineral revenues to undivided Madhya Pradesh and is ranked second in the list of mineral producing States in the country. It has rich deposits of limestone, iron-ore, copper-ore, rock phosphate, manganese ore, bauxite, coal, asbestos and mica. In fact Chhattisgarh, along with Orissa and Jharkhand constitute over 80% of the nation's coal reserves. Chhattisgarh also has proven reserves of diamond – which can, in the future, be a large source of income for the State.

Although the State already has a substantial presence of core industries, a large part of the mineral potential is yet untapped, providing Chhattisgarh with a unique opportunity to use its mineral wealth to spur economic development. Apart from minerals, Chhattisgarh also possesses a large forest cover encompassing approximately 44% of the total geographical area. However, the true potential of the minor forest produce is yet to be assessed and utilised. The State has abundant but untapped water resources – essential for harvesting the potential of agriculture.

- ***Surplus power***

Chhattisgarh is fortunate to be one of the few States that are currently power surplus. This could be an important criteria for Industrialists making project and investment decisions, to Chhattisgarh's advantage. Presence of low grade coal makes Chhattisgarh an ideal location for setting up of low cost pit head based thermal power plant, capable of generating power to meet the requirements of other States.

- ***Favourable labour climate***

Though the relative skill base is low, the presence of a large number of willing and able-bodied people contributes to the presence of a substantial workforce. The State has a high worker participation rate (male and female) and a high labour force in the 15-39 age group. It also has one of the lowest losses in person-days in the country attributed to labour problems

Apart from minerals, Chhattisgarh also possesses a large forest cover encompassing approximately 44% of the total geographical area. However, the true potential of the minor forest produce is yet to be assessed and utilised

By exploiting its unique locational position along with large coal reserves, Chhattisgarh has the potential to become the power generating hub of India

- **Relatively low land cost**
With a lower population density and urbanisation ratio, the State would be able to offer land at extremely competitive prices for some time to come
- **Fiscal position**
The fiscal deficit situation of the State is currently under control. It also has reliable sources of public finance and possesses no deficit on account of either the State Electricity Board or Road Transport Corporation. This is contrary to the situation in other states, wherein these agencies are the principal contributors to the fiscal deficit.
- **Political Leadership and Bureaucracy**
The number of bureaucrats and government employees compared to the other States in the country. This has also resulted in one of the lowest expenditures in the country on government functioning. The presence of a strong, committed and focussed leadership is an asset.

OPPORTUNITIES

- **'New State' advantage**
The fulfillment of the demand for a separate State has given a new sense of identity and pride to the local people. Being a new State and with limited legacies of the past, this is a historic opportunity for Chhattisgarh. It can leverage on this status to undertake reforms and frame policies to aid rapid social and economic development. No past legacies provide the State with an opportunity to prepare policies which are based on contemporary economic principles and which help create responsive governance.
- **Locational advantage**
The geographic location of the State is strategic – it borders seven states in the country. NH-6, which connects the west to the east, passes through some of the most industrialised areas of the State. Chhattisgarh could use this geographic locational to its advantage to develop a logistics and warehousing network to service the region.
- **Demand for Energy in the country**
While the rest of India faces acute power shortages, the same is not true of Chhattisgarh. Further, in view of the presence of large coal reserves in the State and the fact that it is situated in the middle of the national power grid makes it an ideal location for setting-up coal pit-head based thermal power plants.
- **Partnership**
The State recognises the opportunity of an increasingly borderless world and the resulting benefits of forging partnerships with national and international communities,

private and developmental institutions to spur economic development.

- **Value addition**

Currently a large part of exports from the State is in form of raw material (across minerals, agriculture and forest produce). The state could capitalise on the abundant availability of basic raw material to encourage setting up of processing units for ensuring value addition and subsequently increasing avenues for employment and enhanced income

- **Service industry**

India has made rapid strides in the service industry in the past few decades. The State could potentially capitalise on these areas of country advantage, specifically in the field of information and biotechnology.

It is precisely this aggregate of strengths and opportunities that gives the State a positive and optimistic outlook on the future and the confidence to draft its Vision Statement.