

Subbaiah: Mahindra World City a New World Class FDI Destination in Jaipur

Posted on September 19, 2012 by India Briefing



Sept. 19 – Within India’s dynamic business environment, the creation of new town centers requires not only sufficient road and rail networks, but should also include proper planning and policy making, the insertion of stakeholders, and the leveraging of available strengths. Mahindra World City (MWC) in Jaipur is one such concept promoted by one of India’s biggest business houses – Mahindra Group.

On September 14, Mahindra World City’s COO Jaipur Mr. B.K. Subbaiah spoke to Dezan Shira and Associates’ Partner Mr. Olaf Griese about the project.



Olaf Griese (R) interviews B.K. Subbaiah (L) on Mahindra World City - a new FDI destination in Jaipur

Olaf Griese – Please tell us a little bit about Mahindra World City Jaipur – about its history and development.

B.K. Subbaiah – Ans-Mahindra World City has been envisaged as a world class platform for manufacturing and service businesses to establish a business in a hassle free atmosphere. It is an integrated business city with SEZ, DTA, and social and residential zones. It spreads over 3,000 acres of land and is located off the Delhi-Jaipur-Mumbai NH8 route. MWC is based on the public private partnership model and is a joint venture between Mahindra group and the Rajasthan State Industrial Development and Investment Corporation Ltd.

Griese – What do you think is the most enticing factor of Jaipur in terms of SEZ?

Subbaiah – MWC is well supported by the government. The government is accepting us as an important player to bring FDI to Jaipur. Tourism is also an important factor. Jaipur is a well known destination among foreign tourists. The existing recognition will help us to leverage Jaipur's image as an international industrial center.

More than 40 companies have already signed-up with MWC in various zones and including companies such as Infosys, Wipro, Deutsche Bank, State Bank of India, ICICI Bank, EXL, Nucleus Software, Nagarro Software, Truworth, Girnar Soft, QH Talbros, Dynamic Cables, Poly Medicure, Gravita India, Knit Pro, and Ratan Textiles.

Griese – Do you think Jaipur (geographically a non-port region) will last as a preferred investment region?

Subbaiah – Yes, it will. Although Jaipur doesn't have a port, the surrounding infrastructure is good. The highway extension will be completed by the end of 2013 and a container port is also available. The closest sea port is Jawaharlal Nehru PortPrust in Mumbai and also Kandla Port in Gujarat.

Griese – What do you think would be the preferred sector for investment in Jaipur SEZs, or will it be multi sector?

Subbaiah – For the sectors, I predict that it will be engineering, IT, gems and jewellery, and handicrafts and garments. Though we have no water shortage, we do not encourage water intensive industries. Such industries can easily explore places like Kota in Rajasthan. We definitely cater to only non-polluting industries. We also think that some of the big car manufacturing companies will come to Jaipur since land prices in Delhi NCR are going up. Logically, their suppliers will also follow and bring SMEs to Rajasthan and our zone. Renewable energy is another potential sector for Jaipur.

Griese – Any special tax benefits offered by the state (Rajasthan) government to overseas investors?

Subbaiah – Per se, there are not any special tax breaks or benefits available. However, for investments going beyond Rs. 100 – Rs. 200 crore (Rs.1 billion-Rs.2 billion), the government is taking into consideration customized investment packages. Single window clearance is available and this investment package is called RIPS 2010. The government has an online portal to make everything more transparent.

The government of Rajasthan has exempted stamp duty for SEZ units and it also has offered a rebate of 50 percent on electricity duties and key benefits.

Griese – SEZs and DTAs are two main investment places in India. What do you think should be the most preferred one and why?

Subbaiah – I think in the short run it will be the domestic tariff area (DTAs), but in the long run it will be the special economic regions. Simply speaking, there isn't a better place than a SEZ if you are export oriented. Especially, if the company is well structured and organized.

Griese – Do you think satellite towns near Jaipur will also attract investments or it will be confined to Jaipur only in the long run?

Subbaiah – I think we will see an increased development along the Delhi-Mumbai corridor and we can witness this already with Neemrana (midway to Delhi). This city 140 kilometer from Jaipur is one of the prime investment destinations of Japanese investment into India.

Griese – Where do you think are some of the other second-tier cities in India that have the potential to be upcoming investment regions in India?

Subbaiah – I think we will see that a lot of investment in the future goes to the second-tier cities like Pune, Ahmadabad, Bhubaneswar and Cochin. These will be important destinations.

Griese – Is there any special incentive for any sector in Rajasthan?

Subbaiah – The Rajasthan government has comprehensive policies on priority sectors like IT/ITeS, solar, MSME, food processing, and ceramic. These policies provide specific benefits to boost the growth of these sectors. It also has “Rajasthan Investment Promotion Scheme” to promote large investments into the state.



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