



## NEW ERA OF ECONOMIC DEVELOPMENT IN HARYANA EXECUTIVE SUMMARY

There exist a vast number of investment and business opportunities in the state of Haryana. However, the challenge in the case of Haryana is to harness the untapped potential of the identified sectors and create adequate forward and backward linkages to ensure citizen empowerment and sustainable economic development. Furthermore attention needs to be paid to the further development of infrastructural facilities to ensure rapid industrial growth in the state as this is one of the major impediments to the state's progress. The state also needs to fully tap its locational advantage given its proximity to the NCR region.



Through the *Industrial Policy of 2005*, the state plans to develop and promote industries and create employment opportunities in the manufacturing and services sector. The emphasis is on developing adequate infrastructure, providing incentives and concessions and simplifying the rules and regulations for facilitating and easing the process of making investments in the state.

The state of Haryana offers a locational advantage for the setting up of industry given its proximity to Delhi and as part of the National Capital Region (one third of Haryana forms part of the NCR). Within the state, Panipat, Rohtak, Faridabad and Sonapat have a special potential for further development.

### **Integrated Agribusiness**

The agriculture sector is of paramount importance to Haryana's economy. About 29.6 percent of the total income of the state comes from agriculture and allied activities with approximately 80 percent of the population of the state dependent on it. About 80 percent of the total area of the state is sown of which approximately 86 percent of the net area sown is irrigated.



The state of Haryana is self sufficient in the production of food grains. Basmati Rice produced in Haryana finds an easy market



abroad and the state ranks first in its export. The main crops of Haryana are Wheat, Rice, Sugarcane, Cotton, Oilseeds, Gram, Barley, Corn, Millet etc. However based on the existing cropping pattern and its impact on the natural resources and soil quality, an action plan has been introduced by the government to encourage **crop diversification**.

**Value addition and Processing** is another area where Haryana needs to concentrate. Farmers need to be trained to improve their skills for understanding new technologies. Four food-processing zones and value-addition parks are coming up in different agro-climatic zones in the state. Efforts need to be made to ensure that these are set up expeditiously. However, processing facilities for vegetables, fruit, milk and edible oils, etc, are virtually non-existent. The Processing Industry also needs to be developed to adequately support the growth in mushroom, honey and fish production.

**Dairy Farming** also forms an essential part of Haryana's rural economy. **Animal Husbandry** has also been taken up as an integral component of diversified agriculture. To ensure a good price for farmers for their dairy products and to help in marketing, a vast network of milk producers societies have been set up in the state. About 1500 milk societies are now working. Six milk plants set up in the cooperative sector are now working in Jind, Bhiwani, Ambala, Rohtak, Hissar and Ballabgarh. Another one is being set up in Sirsa. The National Dairy Research Institute, one of Asia's best dairy research institutes, has been set up in Karnal and has been also upgraded to the status of a 'deemed university'. Embryo transfer technology is also being introduced to further improve the quality of livestock.

**Agri infrastructure** is a key enabler in the development of the agribusiness in the state. Lack of infrastructure facilities at the farm level can severely affect, and in fact nullify, the gains in value and efficiency in the agriculture sector. In the case of Haryana, given the importance of this sector, it is imperative that the infrastructure bottlenecks in this segment be developed in a focused manner.

In this Investment Strategy Theme Paper for Haryana, two specific themes have been suggested for enabling the systematic development of the Agribusiness Sector:

1. Enable the state to achieve its rightful potential as 'Foodgrain Logistics Hub' for Northern India - "**Theme 1: Efficiencies in Logistics, Storage and Distribution for Foodgrains**"
2. Enable Crop Diversification- "**Theme 2: Ensuring Marketability: Enabler for Crop Diversification**"

Given the high levels of foodgrain production and the proximity of Haryana to the key agrarian states of Punjab and Uttar Pradesh (one third of Haryana is part of the NCR) the state has the potential to become a '**Foodgrain Logistics Hub**' for Northern India. However, given that the state lacks proper storage, processing and transport infrastructure, it would need to address the issue of increasing efficiencies in logistics, storage and distribution of



foodgrains to fully harness its potential in the becoming the Foodgrain Logistics Hub for Northern India. We believe that well structured projects on the principles of Public Private Partnership in this domain are commercially viable and sustainable in the context of Haryana.

Furthermore based on the existing cropping pattern and its impact on the natural resources and soil quality, an action plan has been introduced by the government to diversify the agricultural crop. Enhanced cultivation of high value horticultural crops is the best option for Haryana where diversification can yield good results. This has happened in some parts of the state, though in small proportions. Farmers have primarily not been inclined towards crop diversification since they have immensely benefited from the Minimum Support Price (MSP) program of the central government for wheat and rice. For crop diversification to succeed it is essential that the farmer is assured of higher incomes from alternative crops. In order to encourage farmers to undertake such crop diversification it is imperative to incentivise the same along with creating a suitable enabler. This can be done through ensuring marketability and better price realization for the produce through the setting up of **Modern Terminal Markets**. Such projects can be set up in the spirit of Public Private Partnerships and they would be a key enabler in the development of the agribusiness sector in the state.

Furthermore, in the case of Haryana, given the importance of this sector, it is imperative that the infrastructure bottlenecks in this segment be developed in a focused manner to further boost its sustained development.

## Education



In the context of Haryana, the state should adopt an integrated and focused plan for becoming an '**Education Hub**' for Northern India and undertake systematic planning for the development of the same. The theme that has been suggested in this Investment Strategy Theme Paper is *Theme 1: Haryana: An Education Hub*.

The state has a locational advantage in terms of its proximity to the National Capital Region and the area around Delhi. Due to limited availability of space together with high costs associated with the NCR, there is a spillover of economic activities and investments from Delhi, which can be appropriately absorbed by Haryana. This necessitates the need for Haryana to develop appropriately planned physical, social and manpower infrastructure support to absorb the spillover. To this extent the NCR would benefit greatly from the establishment of an Education Hub catering to the needs of Northern India.



Furthermore, the increase in literacy rates would greatly benefit the state in terms of generation of employment opportunities through development of industry. The provision of adequate and quality education is a prerequisite for the development of any state given the direct impact this would have on human resource development and increase in employment opportunities. With the appropriate development and extension of education services, the government of Haryana could provide the basis for attracting large scale investment in the state in a number of Knowledge Based and Services Industry in terms of well qualified and proficient human resource.

Haryana should adopt a structured and focused plan for becoming an 'Education Hub' catering to Northern India. The state has a locational advantage in terms of its proximity to the National Capital Region and the area around Delhi. Limited availability of space together with high costs associated with the NCR is resulting in a spillover of economic activities and investments from Delhi, which can be appropriately absorbed by the state of Haryana. This necessitates the need for Haryana to develop appropriate physical, social and manpower infrastructure support, matching the investors' perception, to absorb the spillover. The NCR would benefit greatly from the establishment of an Education Hub in Haryana.

The state also houses a number of universities such as the Maharishi Dayananad University (Rohtak), Kurukshetra University (Kurukshetra) and Guru Jambheshwar University (Hisar) that are exclusively for the promotion of technical education and management studies. Furthermore the CCS Haryana Agriculture University (Hisar) is one of the biggest agriculture universities in Asia and is dedicated to agricultural studies, research and development. There are also a number of institutions exclusively for women in the State.

An '**Education Hub**' should attract investments in the field of education, technology and science and provide state of the art infrastructural facilities to support and encourage such investments. The development of Haryana as an Education Hub would address the current issues of

- (i) Reducing the urbanization pressure on the educational institutes in Delhi
- (ii) Taking advantage of the globalization of the economy
- (iii) Attracting investment from the neighboring state of Delhi and
- (iv) Harnessing the development initiatives being witnessed in the NCR and area around Delhi due to over congestion.

The State of Haryana, we believe, has the potential to become a hub in the Education sector for the Northern Region of India. An integrated development approach using principles of Public-Private Partnership (PPP) needs to be framed for the establishment of the Education Hub. As such this Hub should encompass

- Branch campuses of some of the world's leading universities
- Numerous other educational and research institutions.



- Abundant residential and recreational facilities
- World-class facilities
- Common Infrastructural facilities
- Integrated area development

Most of these projects would require the Government to undertake development of these projects under Public Private Partnership (PPP) format. The Government should invite private sector participation/investments and encourage the creation of long term partnerships while itself playing the role of the facilitator.

The recent efforts of the Government of Haryana to set up an Education City at Kundli is a step in the right direction. The objective of such a City should be to encourage the inflow of the youth of the country and meet their educational/training needs covering the new and growing areas of Information Technology and Biotechnology among other. This would be critical in addressing the needs of India's growing economy on the one hand, and to generate employment opportunities in the state on the other.

## Conclusion

Based on their growth potential and contribution to the long term economic development of the state, certain key sectors such as Agro based and Food Processing Industry, Electronics and Information & Communication Technology, Automobiles & Automotive Components have been identified as thrust areas, in the **Industrial Policy of 2005**: Through the Policy, the state plans to develop and promote industries and create employment opportunities in the manufacturing and services sector. The emphasis is on developing adequate infrastructure, providing incentives and concessions particularly in the rural areas and simplifying the rules and regulations for facilitating and easing the process of making investments in the state.

Haryana's immense potential in the key Agriculture and Allied Activities sector is well established. The state has exceptional prospects for the development of high value-add Agribusiness Projects. In the context of Haryana, two specific themes have been suggested in this Investment Strategy Theme Paper for enabling the systematic development of the Agribusiness Sector in Haryana:

- Enable the state to achieve its rightful potential as '**Foodgrain Logistics Hub**' for Northern India - "*Theme 1: Efficiencies in Logistics, Storage and Distribution for Foodgrains*"
- Enable Crop Diversification- "*Theme 2: Ensuring Marketability: Enabler for Crop Diversification*"

The state also offers the potential to become an '**Education Hub**' for Northern India. The state has a locational advantage due its proximity to the National Capital Region and the





area around Delhi. The limited availability of space together with high costs associated with the NCR is resulting in a spillover of economic activities from Delhi, which can be appropriately absorbed by Haryana. Further, the development and extension of education services in the state could provide the basis for attracting large scale investments in a number of Knowledge Based and Services industry through the creation of well qualified and proficient human resource.

Based on its belief in Public-Private Partnerships, the Government of Haryana has started inviting private sector participation/investments and encouraging the creation of long term partnerships with it playing the role of the facilitator. This would go a long way in achieving the sustainable economic and industrial development of the state.