

INDIAN STATES  
Economy and Business

# Haryana



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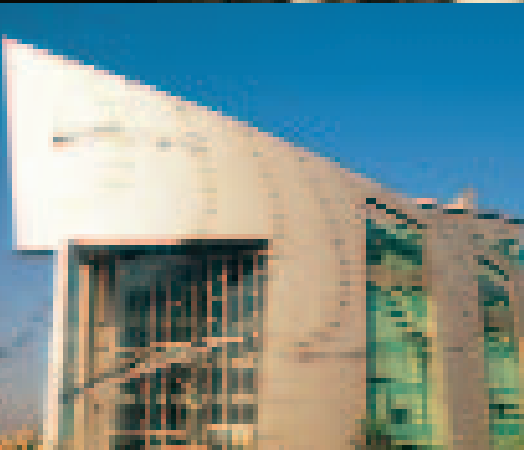
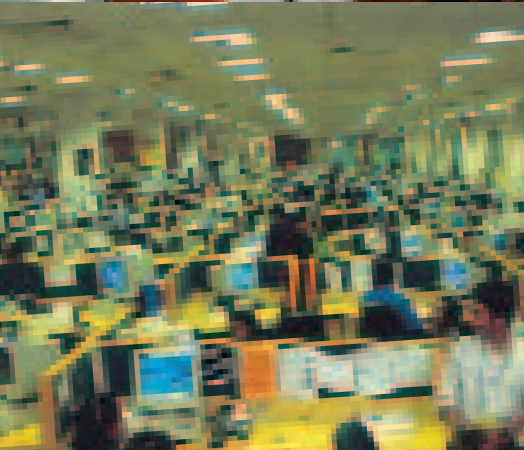


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# CONTENTS

<b>Executive Summary</b>	<b>5</b>
<b>Economic Snapshot</b>	<b>7</b>
<b>The State Economy</b>	<b>9</b>
<b>Infrastructure</b>	<b>11</b>
Social infrastructure	11
Access infrastructure	11
Communications infrastructure	13
Industrial infrastructure	13
<b>State Policy</b>	<b>17</b>
Industrial policy	17
IT policy	17
e-Governance	17
Human resource development	18
Development of SMEs	18
Scheme of incentives and concessions	18
<b>Business Opportunities</b>	<b>19</b>
Key industries	19
Investment	20
Exports	20
Thrust sectors	21
<b>Key Players</b>	<b>25</b>
<b>Doing Business in Haryana</b>	<b>30</b>
Obtaining approvals	30
Cost of setting up business	31
Contact for information	32



## Executive Summary

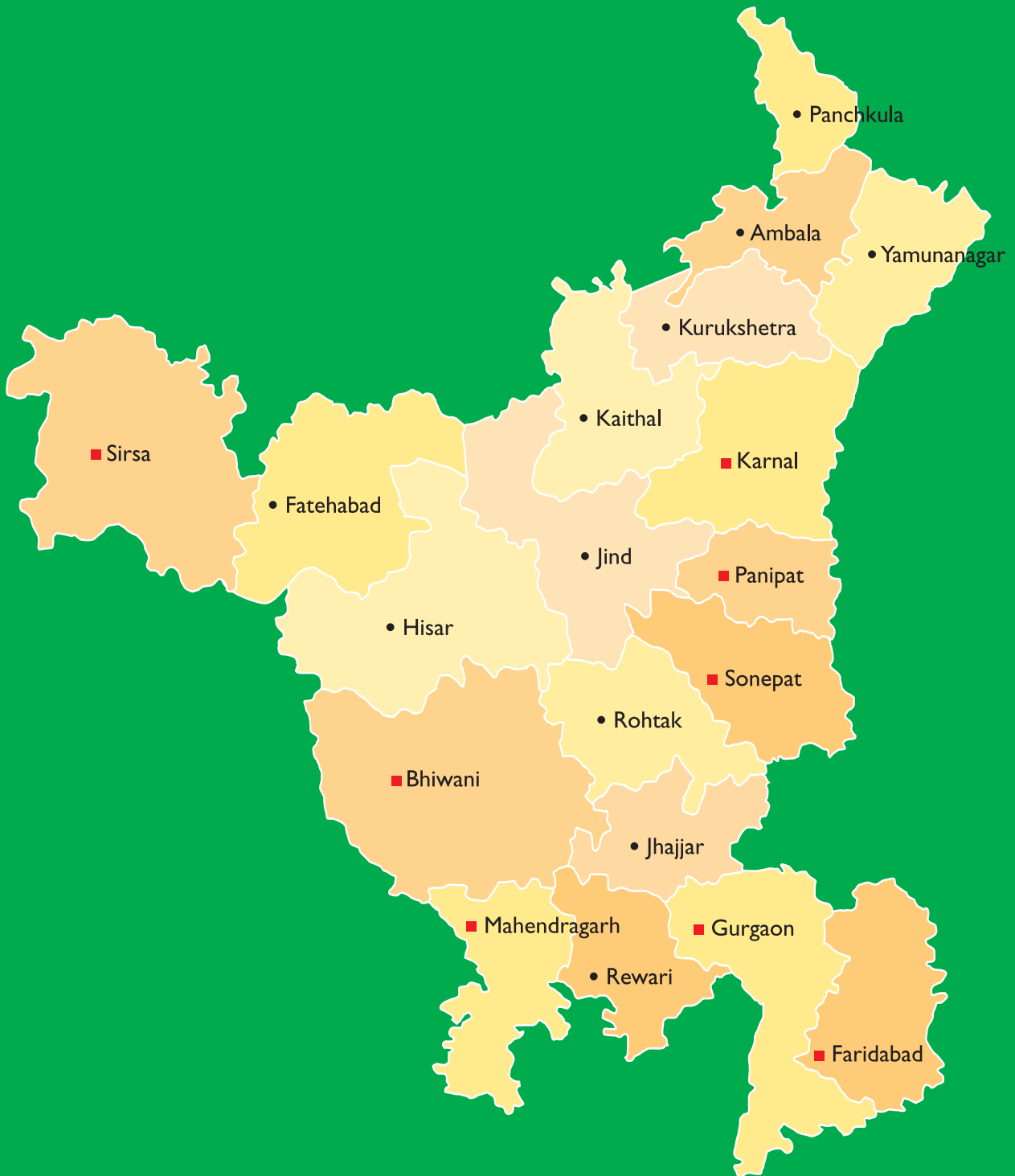
Between 1994 and 2003, the economy of Haryana grew at an average rate of 6.5 per cent per annum. Haryana has the fourth highest per capita income in India. The state is located strategically close to Delhi and one third of its area falls within the National Capital Region. This region represents one of the biggest trade and consumption centres in the country.

Haryana became the first state in the country to introduce Value Added Tax in 2003. Key sectors in the state include automobile and auto components,

textiles and readymade garments, information technology and information technology enabled services. The state produces half of the cars and two-wheelers produced in India. It is also the third largest exporter of software services in India.

Haryana offers significant potential for agro-based industries, property development and retailing. With investment currently underway, it is expected to emerge as the principal hub for downstream chemicals in north India.

## ■ Industrial Centres in Haryana





## An Economic Snapshot

<i>Capital</i>	Chandigarh
<i>Area (sq km)</i>	44,212
<i>Population (2001)</i>	21 million
<i>Literacy Rate (%)</i>	68.6
<i>Human Development Index</i>	0.509 (All India rank 5th)
<i>NSDP (US\$ billion)</i>	7.1
<i>NSDP growth (10 years)</i>	6.5 per cent (average annual)
<i>Per Capita Income (US\$)</i>	592
<i>Exports (US\$ million)</i>	2,666
<i>National Highways length (km)</i>	1,468
<i>Rail Length (km)</i>	1,548
<i>International Airport</i>	Indira Gandhi International Airport, Delhi
<i>Domestic Airport</i>	Chandigarh
<i>Key Industries</i>	Automobiles Textiles and Readymade Garments IT/ITES
<i>Industries with growth potential</i>	Agro-based and Food Processing Electronics and Information & Communication Technology Automobiles and Automotive Components Handloom, Hosiery, Textile and Garments Manufacturing Export Oriented Units Petrochemicals Property Development and Retailing



## Advantage Haryana

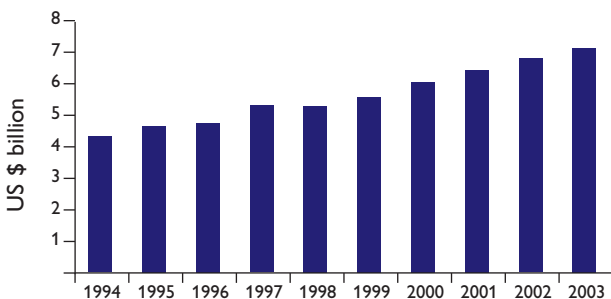
- Fourth highest per capita income in India
- Proximity to the National Capital Region as well as the international airport, one of the largest trade and consumption centre in India
- Leading producer of automobiles and automotive components
- Third largest exporter of software, one of the preferred destinations for IT/ITES facilities
- Among the leading producers of textiles and readymade garments in India and largest exporter of basmati rice
- Significant potential for property development and retailing
- Potential for becoming downstream petrochemicals hub

## THE STATE ECONOMY

With a Net Domestic Product of over US\$ 7 billion, Haryana's economy is the thirteenth largest in India. Geographically one of the smallest states in India, covering an area of 1.37 per cent, Haryana enjoys a locational advantage situated next to the National Capital Region, a prominent trade and consumption centre.

In recent years, the areas of Haryana surrounding Delhi have seen a spurt in economic activity with Gurgaon emerging as the principal suburban township of Delhi. During the decade between 1994 and 2003, the compounded average growth rate of Haryana's real NSDP was 6.5 per cent, increasing from US\$ 4.3 billion to US\$ 7.1 billion.

Haryana - NSDP growth

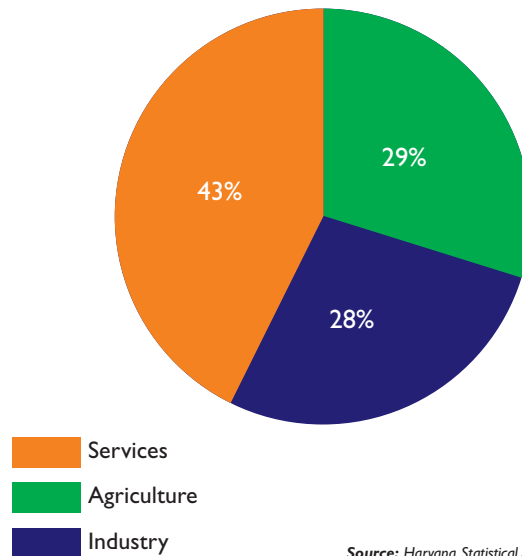


Note: the figures are at 1993-94 prices,  
Source: Haryana Statistical Abstract 2002-03

During 2002-03, Haryana's per capita income stood at US\$ 592.

The state has witnessed tremendous growth in the services sector, which has grown in its share from 31.3 per cent to 43 per cent of the GSDP in a period of eight years. In recognition of the potential of the sector as a contributor to economic growth, the state government has decided to take steps for the co-ordinated growth of the sector. The Department of Industries shall be converted into the Department of Industries and Commerce. A separate

Haryana - Sectoral Contribution to GDP



Source: Haryana Statistical Abstract 2002-03

wing in the Department shall be created to maintain statistics, provide support and facilitation to the growth of services sector.

Between 1995-96 and 2002-03, while the industrial sector grew at 6.7 per cent per annum, the growth rate of services sector was 11.75 per cent, indicating a maturing trend in Haryana's economy. Agriculture contributes 29 per cent to the GDP of the state.

Haryana's Per Capita Income of US\$ 592 is 27.8 per cent higher than the national average (US\$ 463). During the last decade, Haryana has achieved significant progress in improving the social infrastructure in the state. This is reflected in the state's improving performance as measured by the Human Development Index, ranked fifth in the country.

Haryana has a population of over 21 million (as per 2001 census), making it the fifteenth largest state in terms of population. The population density is 476.8 persons per sq km.



# INFRASTRUCTURE

## Social infrastructure

Haryana's education network consists of 4 universities and over 249 colleges, along with 11,235 primary and 4,494 secondary schools. The state has done well in terms of literacy, which has increased from 55.8 per cent in 1991 to the current level of over 68.6 per cent.

Haryana has 40 engineering colleges with an annual intake of over 10,128 students. It also has 31 polytechnics and 195 Industrial Training Institutes (ITIs), providing vocational training to students. This network of educational institutes focusing on professional training provides a talent pool for the various industries located in Haryana.

The medical institution in Haryana offers 150 seats annually for pursuing medical degrees. In addition, 3 pharmacy institutes with an annual intake of 180 students are functioning in the state. Haryana also has 12 management institutes, with an annual intake of 700 students.

Haryana's network of health facilities comprises 79 hospitals and 467 health centres.

The State Government proposes to develop social infrastructure to support overall economic growth and competitiveness of enterprises. It is proposed to develop a world class Education City to be named as Rajiv Gandhi Education City providing opportunities to educational and research institutes to come up in the state. A Medicity housing state-of-the-art healthcare institutes and super speciality hospitals will also be set up.

Mega projects promoting education and health care to be considered for special package of incentives on the lines of industrial projects.

## Access infrastructure

The total length of roads in the state stands at over 28,000 km. The length of surfaced roads in the state has increased from 25,868 km in 1996 to over 26,311 km by 2002.

Haryana - Growth of road network in Haryana

Year	1996	1998	2000	2002
Total length (in km)	27,907	28,416	28,093	28,203
Surfaced length (in km)	25,868	25,790	26,011	26,311

Source: Ministry of Road Transport and Highways, Government of India

Haryana's road density stands at 63.8 km per 100 sq km, as against the national average of 74.73 km. The total length of national highways passing through the state is 1,468 km. This includes the highway connecting Delhi and Haryana's important business centres. Roads are the principal mode of transport and connectivity in Haryana.

The state government has decided to give top priority to surface transport and connectivity with Inland Container Depots and Express Highways. The State has already conceived one mega project for the construction of Kundli-Manesar-Palwal Expressway. A number of projects are underway to strengthen the road infrastructure in the state.

A project for improving 1,955 km of state highways is currently under implementation. Over 1,000 km of state highways have already been improved under the project, expected to cost over US\$ 92 million.

Under the on-going National Highway Development Programme (NHDP), a length of 332 km is being converted into 4/6 lanes highways. The acquisition of land for 4 laning of NH-10 from Bahadurgarh to Rohtak has been completed.

The total length of railway network in Haryana is 1,548 km. Of this, 366 km is electrified track. Indian Railways has two projects for laying new railway lines in Haryana. These projects, with a length of 170 km, shall cost US\$ 75 million. Another project for doubling of 52 km rail line is under progress with an investment of US\$ 18 million.

Indian Railways is also implementing a gauge conversion project covering 211 km rail line and involving an investment of over US\$ 60 million. Haryana has a domestic airport at Chandigarh, which it shares with the neighbouring state of Punjab.

The Indira Gandhi International Airport at Delhi serves as the principal aviation gateway for the state, located in close proximity to the state. Haryana government has approved construction of 17 rail over bridges at a cost of US\$ 40 million.

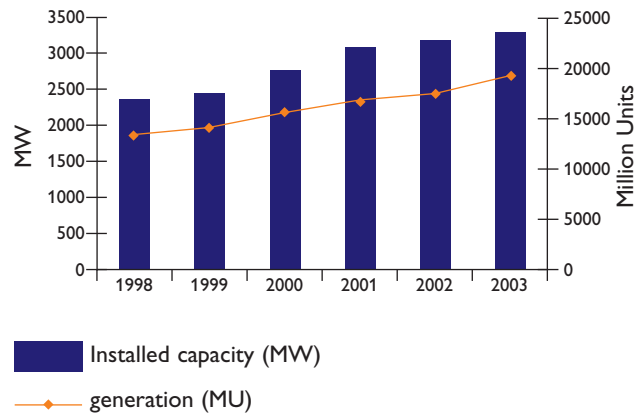
Steps are to be taken to encourage development of Mass Transit Systems through public or private investment in NCR region. Extension of Delhi Metro Rail to Gurgaon and Manesar and its connectivity to Bahadurgarh, Sonapat and Faridabad is also on the agenda.

The state government as a matter of policy is encouraging pipelining and distribution of CNG/PNG in the transport and domestic sector. Efforts are being made to spread the use of natural gas in the industrial, commercial and power sector. Investment by public and private sector in the gas distribution is being encouraged and facilitated.

### Power

The installed electricity generation capacity of Haryana is 4,033 MW. Most of the electricity generated in the state is through thermal power (more than 95 per cent). Some hydropower is available through jointly owned projects with other states.

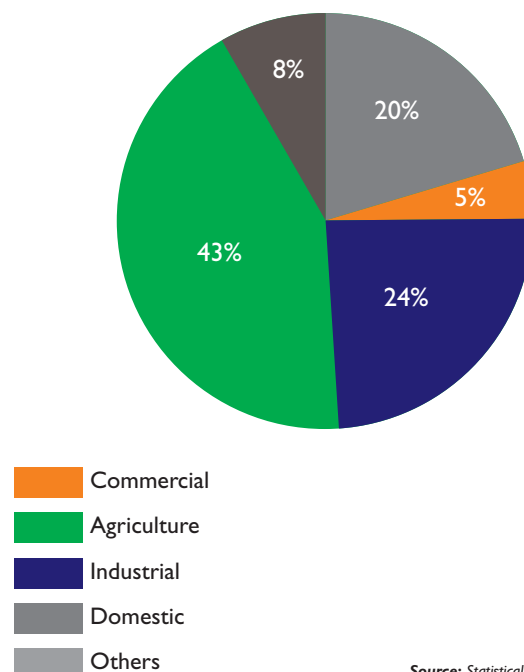
Haryana - Trends in installed capacity and electricity generation



Source: Haryana Statistical Abstract 2002-03

Electricity consumption had increased from 6,051 million kWh to over 11,720 million kWh in 2002-03, thus indicating an average annual growth rate of over 6 per cent. Agriculture and industry represent the largest consumer categories, followed by domestic consumers.

Haryana - Composition of Electricity Consumption



Source: Statistical Abstract 2002-03

On a per capita basis, electricity consumption in Haryana stands at 530 kWh per annum,

significantly higher than the national average of 355 kWh per annum.

The State Government has proposed to add over 3000 MW power generation capacity during 10th and 11th Five Year Plan. This includes Yamuna Nagar Thermal Project (600 MW coal based and 500 MW gas based) and gas based Hissar Thermal Power Project (500 MW). In addition, Haryana would also get a share of 704 MW power from Central Sector projects Koldam, Kahalgaon, North Karanpura and Harb Project of NTPC and various Hydro Projects taken up by NHPC in Jammu & Kashmir and Himachal, which would be commissioned during 10th and 11th Plan. Haryana has also entered into a long term Power Purchase Agreement (PPA) with North Eastern Electric Power Corporation (NEEPCO) for getting power from Tripura Gas Project and Kameng Hydro-electric Project in Arunachal Pradesh. Haryana is also negotiating power on long terms basis from projects like Dhamwari Sunda Hydro-Electric Project (HP), Baspa Stage-II, Karcvham Wangtoo (100 MW) and other projects coming up in the Region.

Private sector investment in power generation is to be treated at par with industrial units for the purposes of this policy.

### Communications infrastructure

Telecommunication services have been developing rapidly in Haryana over the past few years. The number of fixed wire telephone subscribers have grown from 0.2 million in 1995 to 0.98 million in 2002.

Haryana - Growth of fixed wire telephone

Year	1995	1997	1999	2001	2002
Fixed wire telephones (in '000)	242	355	525	794	984

Source: CMIE, Infrastructure Report

The growth in cellular mobile telephony has been equally strong. Since its launch in 1999, the number

of subscribers increased to over 600,000 by June 2004. The key telecom players in the state are Escotel, Idea, Aircel Digilink, Bharti and BSNL.

### Industrial infrastructure

Haryana has developed 103 industrial estates through its development agencies. The industrial estates in the state are developed by Haryana State Industrial Development Corporation (HSIDC), Haryana Urban Development Authority (HUDA) and private developers.

To facilitate coordinated development of infrastructure and participation of private sector including FDI, the Haryana State Industrial Development Corporation (HSIDC) is designated to be the nodal agency for infrastructure development and it is proposed to redesignate it as "Haryana State Industrial and Infrastructure Development Corporation" (HSIIDC).

HSIDC is to set up a venture capital fund in association with other institutions in public or private sector to encourage start ups in sunrise areas like nano technology, genetics, biotechnology, communications technology etc.

HSIDC invested US\$ 220 million to develop industrial infrastructure during 2003-04. Out of the total investment, US\$ 40 million was earmarked to develop new industrial estates.

The development of Kundli-Manesar-Palwal (KMP) Expressway has been undertaken by HSIDC. This will throw open unprecedented opportunities to develop economic hubs at strategic locations along the expressway. The State Government aims to strengthen and develop new integrated townships along the expressway and other strategic locations in the state. A detailed exercise on spatial planning is to be undertaken and development of economic hubs on the KMP artery are to be finalized in fixed time line.

The State Government proposes to develop an “Industrial Park” in and around Panipat for the development of downstream industries.

### Trade exhibition and convention centres

The state government aims to set up International Trade Centres to promote trade and commerce. Financial services and facilities like banking, investment centres, merchant banking show casing products and trade meets are to be encouraged to boost trade and business. International trade-cum-convention centres for readymade garments at Gurgaon and Handloom products at Panipat would be set up. A state-of-the-art Exhibition and Convention Centre is being proposed to be set up at Faridabad on the pattern of Pragati Maidan.

An exhibition portal is proposed to be developed and launched to facilitate trade between the buyers all across the world and sellers from Haryana. The portal will offer various kinds of services online like promoting brand, creating product catalogues, legal services, buy/sell exchange, etc.

### Theme Parks

In order to meet the requirements of specific industries particularly of thrust sectors, specialised industrial estates are being proposed to be developed at strategic locations. These include:

#### *Food Parks*

Food Processing Industry is a sunrise sector. The growth potential for this sector is enormous as the demand for processed food products is increasing in the domestic as well as in the overseas markets.

#### *Gems and Jewellery Parks*

Gems & Jewellery has been identified as an industry having good potential for development in the state. Government will develop a Gems and Jewellery Park Complex at Udyog Vihar to promote this sector. It will be endeavour of the Government to seek SEZ status for this park.

#### *Apparel Park*

Two Apparel Parks would be developed, one each at SEZ Gurgaon; and at Barhi in District Sonapat under the “Apparel Parks for Exports” Scheme of the Government of India.

#### *Foot Wear & Leather Garments Park*

A Foot Wear and Leather Garments Park is proposed to be set up at Karnal.

### Cluster Development

In order to improve the global competitiveness of the domestic industries situated in clusters, the State Government aims to implement the following three projects under the Government of India scheme of Industrial Infrastructure Upgradation:

- Textile Cluster, Panipat
- Light Engineering Goods Cluster, Faridabad
- Auto Parts Cluster, Gurgaon

Simultaneously, the state government also aims to take up with the Government of India proposals for upgradation of other clusters like scientific instruments, metal industries, agricultural implements, pharmaceutical, agri chemical and industrial chemical at various locations in the state.

### Free Enterprise Zones

State Government will identify Free Enterprise Zones (FEZ) to promote industry without seeking the permission for change of land use. The setting up of these zones will help in development of semi-urban areas in the economically backward regions of the state. The state government would notify the framework for development and operation of Free Enterprise Zones.

### Industrial Model Townships (IMTs)

HSIDC has developed an industrial model township at Manesar on modern lines. This has been a very successful venture and has been welcomed by user industry. It is proposed to replicate the development and put up two IMTs during the next five years



at suitable locations in the state, each comprising of an initial area of about 2000 acres.

These townships are to draw upon the experience of IMT Manesar and include campuses for large industries, Information and Communication Technology (ICT) parks, industrial plots, flatted factories, residential colonies, labour housing, commercial and institutional areas, entertainment zones, educational & health care facilities etc. The development will be of international standard with power, water supply, roads, sewerage, effluent disposal, storm water disposal, and solid waste management to enable enterprises to function in a pleasant environment.

### Special Economic Zones (SEZs)

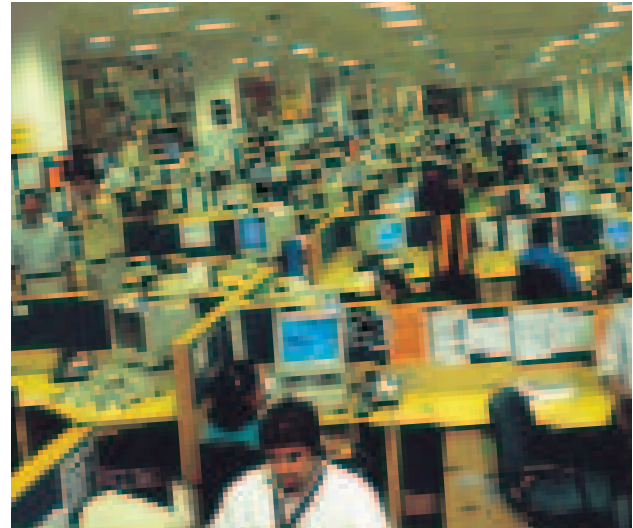
To give boost to exports, SEZs are being encouraged by the State Government. A separate Act/policy on setting up SEZs is proposed to be formulated by the Government to facilitate public and private sector investment, exclusively or in partnership mode. FDI in SEZs is also to be encouraged. The state policy shall clearly spell out the obligations; procedure and clearances required by developers and will be in tandem with the policy of the central government. HSIDC has already envisaged one such zone over an area of 3000 acres at Garhi Harsru, New Gurgaon. The state government aims at promoting public and private sector initiatives for establishing SEZs on Kundli-Manesar-Palwal KMP artery, NH 10, NH 8 and NH 2. Industry specific and sector specific SEZs are also to be encouraged wherever potential exists.

#### Special Economic Zones: key advantages

- All modern infrastructure facilities
- Duty free enclave
- Single window clearance
- Plots allotted on first-come-first-served basis

### Inland Container Depots

There are three Inland Container Depots (ICDs)



in Haryana. These are located at Faridabad, Panipat and Rewari.

CONCOR is setting up a cold chain complex at Panipat with an investment of US\$ 44 million. This will facilitate marketing and exporting of fresh fruits and vegetables from the state and is expected to give a fillip to the agricultural sector in the state.

### Research and Development

The state government aims to support and facilitate establishment of research and development laboratories/facilities in the public, private and joint sector. Efforts are to be made to invite FDI in this sector. Special package of incentives are to be considered by HIPB without a minimum investment limit for such ventures.

### Key Industrial Centres

#### Gurgaon

Gurgaon is the most important commercial and business centre of Haryana, located on the outskirts of Delhi. It is spread over 2,766 sq km and has a population of over 600,000. It is rapidly developing as the main suburban centre for the Delhi metropolitan region.

The industrial areas around Gurgaon house most of the automobile and auto component industries