



## INVESTMENT OPPORTUNITIES IN HARYANA: A DESCRIPTIVE ANALYSIS

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### ABSTRACT

Since state-level performance shows considerable variation across states, with many states recording strong growth in the post-reform period, the analysis or discussion of the reasons behind the individual state success at a fairly disaggregated level and various dimensions of socio-economic growth such as literacy, life expectancy and income distribution may be useful in identifying a scope for policy intervention and a role model for other states. Through this paper we measured the various investment opportunities in Haryana. It also highlighted the status of the state regarding investments in different sectors.

### INTRODUCTION

Haryana is one of the fastest growing states in the country, the growth in GDP of the State during 2012-13 as per Quick Estimates was estimated as 7.1 per cent, much higher than the growth of 5 per cent recorded by the Indian economy, resulting in per capita income almost double of the national average per capita income. Haryana is a small State accounting for just 1.3 per cent of the total area of the country. However, it contributes nearly 3.4 per cent to the national GDP. Haryana is the State known being for the bread-basket of India, and a worldwide shining example of how the Green Revolution (GR) and industrial agriculture greatly increased the yield of grain which led to rapid strides in agricultural production. Besides, Haryana agriculture significantly contributes to export earnings. The Basmati rice produced in Haryana finds an easy market abroad. Recognizing that the manufacturing industry constitutes the backbone of the faster economic growth, Haryana has celebrated 2013 as the Year of 'Industrial Development & Employment'. The focus is on building a social capital so as to strengthen collective action which will provide spill-over effects of economies of scale, credit facilitation, technology up-gradation, brand building and marketing. Moreover, Haryana State continues to retain its position as a preferred investment destination. The rate of implementation of the pledged investment in Haryana is the highest in the country. The progress of

the State in health, education, infrastructure development and urbanization is noteworthy during the last decade. Besides this, Haryana is:

- Amongst the top industrialized States, ranks third in per capita income at current prices.
- 2nd largest contributor of wheat to the national pool.
- 3rd largest contributor of rice to the national pool.
- Largest exporter of Basmati rice.
- One of the leading states in terms of GDP growth between 2005 and 2010.

**Haryana is one of the leading states in the country in terms of per capita income and proudly identifies itself as:**

- First in the country to achieve 100% electrification.
- First in the country to link all villages with all weather roads.
- First in the country to provide safe drinking water facilities throughout the state.

At the doorsteps of the National Capital, Haryana offers excellent location to set up any enterprises, sharing developed industrial base and reliable infrastructure in the State of highest standards.

- One-third of Haryana is covered in the National Capital Region.
- Panipat, Rohtak, Gurgaon, Rewari, Faridabad and Sonapat have special potential for accelerated socio-economic development being located in National Capital Region.
- Haryana enjoys the cosmopolitan world, being on three sides of Delhi. International and domestic airports, diplomatic and commercial complexes are located in close proximity to the state viz a viz other emerging industrial and residential estates in and around Delhi.
- Indira Gandhi International Airport is just ten minutes drive from Gurgaon, an emerging metropolis.
- Excellent law and order situation with peace loving and hardworking populace.
- The industrial relations are extremely harmonious with cordial employer-employee relations. Negligible loss of man-days. Strikes/lockouts are bare minimum.
- The State has impressive infrastructure facilities in relation to road and rail network, well-developed industrial estates, good banking facilities, reliable communication network, modern technical institutes and developed commercial markets.
- Haryana has responsive administration and efficient delivery mechanism in place. Its endeavor has always been to simplify procedures, eliminate red-tapism and willful delays to ensure transparency in decision-making

- Special emphasis is laid on planned development of infrastructure and providing eco-friendly environment conducive to healthy growth of industry.

### REASONS TO INVEST IN THE STATE

Investment climate is the broad concept encompassing all the factors affecting business decisions including profitability and where to locate plants and other units. A good investment climate provides opportunities and incentives for firms to invest productively and create jobs, thus playing a key role in ensuring sustained growth and poverty reduction. Good investment climate should have the following features:

- The availability and ease of use of factor inputs such as land and labor.
- Availability of adequate physical and social infrastructure such as power, telecom, urban infrastructure, water supply, hospitals and educational institutions etc.
- Provision of incentives and access to credit.
- Governance and regulatory framework in terms of rules and regulations governing entry, operation, integrity of public services, law and order and investment facilitation.

Investment climate of a particular state can be accessed through various variables like: economic overview of the state, investment in the state, state's industrial performance, its exports, labor force and industrial disputes in the state, power cost, credit availability, physical and industrial infrastructure in the state etc. The followings are the reasons to invest in Haryana state:

1. **Strategic Location:** The geographic location of Haryana has a strategic advantage, with more than half of the state's area under the National Capital Region (NCR), Haryana's proximity to the Delhi-Mumbai Industrial Corridor (DMIC) region encourages setting up of various industries in the state.
2. **Major Auto hub:** The state is a preferred automotive hub, being a major contributor of passenger cars, motorcycles, tractors, bicycles etc.
3. **Rich Talent Pool:** Haryana possess a large base of skilled manpower due to presence of premium institutes such as IIM Rohtak, MDI Gurgaon, IICA, CIPET, NIFT, (NID/ NIFT -upcoming) and FDDI.
4. **Good Connectivity:** The national highways passing through the state connect eastern, western and southern India. Close proximity to New Delhi airport, well-developed infrastructure for power, roads and railways are its major strengths.
5. **Investor Friendly Environment:** Haryana offers a wide range of fiscal policies and Incentives favourable for private, domestic and foreign investments. Presence of manufacturing facilities and service-based industries strengthens its position. Haryana Government has recently come up with New Enterprise Promotion Policy, 2015 for accelerating the growth of the industry and for providing a conducive atmosphere for investors in Haryana.

**6. Prominent SME Clusters:** Haryana has a strong MSME industry that covers segments such as power looms, stone crushing, agricultural processing, readymade garments and textiles, with prominent clusters in Gurgaon, Faridabad, Bahadurgarh, Karnal, Panipat etc.

#### **OPPORTUNITIES FOR INVESTMENT IN HARYANA**

Among the top states in terms of social inclusion, environment and climate change, economic development and resource availability & utilization – IFC-RICS Sustainability Competitiveness Reports. Haryana is fast emerging as one of the most favoured investment destinations in India. The globalisation of markets and a buoyant economy have given a tremendous impetus to the industrial sector in Haryana, which already has a competitive advantage in terms of strategic location, basic infrastructure as well as large skilled, educated and young workforce. Besides, the State has investor-friendly policy environment. However, Haryana is basically an agrarian economy, producing variety of food and cash crops, along with dairy products and fisheries. In addition, there are several places of tourist interests in the State. The main focus sectors for Investment in the state are as follows:

- Agro-Based, Food Processing & Allied Industry Auto,
- Auto Components & General Engineering
- Defense and Aerospace Manufacturing
- Electronics & IT/ITES
- Footwear & Accessories
- Pharmaceutical & Chemical Industry
- Renewable Energy & Solar Parks
- Research & Development
- Textiles, Apparel & Handlooms
- Transportation/Logistics Hub/Inland Port/Container Depot

#### **1. Agriculture**

Agriculture is the mainstay of more than 75 per cent population in Haryana, with contribution of 28.2 per cent in GDP of the State. Rice, wheat, jowar, bajra, maize, barley and pulses are the major crops of the State. Under the diversification of crops, more and more area is being brought under cash crops like sugarcane, cotton, oilseeds, etc. New crops like castor, groundnut, soyabean and horticulture crops (vegetables and fruits) are also being encouraged. Efforts are being made to encourage intensive and extensive farming in the State. Sustainable agriculture is being promoted through the propagation of resource conserving technologies and organic farming. Besides, Haryana is called the land of milk, with having one of the highest productions of dairy products in the country. Haryana also ranks second

in fish productivity in India. Rivers, canals and drains are the main sources for capturing fisheries in Haryana.

## **2. Information Technology (IT)**

Information Technology (IT) has been recognised as one of the priority sectors in the economy. Accordingly, the State Government has formulated an IT policy which provides several incentives for IT and ITES/BPO Industry. It has also recently announced a policy for Technology Parks, which gives considerable flexibility for setting up Technology Parks and IT Corridors. All such efforts aim to promote convergence of Information Technology with frontier technologies like Nano Technology, Bio Technology, Mobile Computing and Robotics, etc. Further, Gurgaon has been developed as a preferred investment destination for both IT and ITES/BPO companies. Over the years, it has become the home of the corporate world in India. The State Government is planning to set up Hi-Tech Habitat Centre in the Electronic City, Gurgaon for IT/ITES/BPO companies, which would provide world-class facilities. Besides Gurgaon, the Government also intends to develop other areas in NCR region, such as those falling alongside Kundli-Manesar-Palwal Express Highway and Faridabad, as satellites of Gurgaon-Manesar Mega IT Hub

The State of Haryana is an aspiring leader in E-Governance, as per the E-Governance readiness index of the country. Haryana not only aspires to attain leadership position, but also is going ahead with e-Governance initiatives by establishing State Wide Area Network (SWAN). The SWAN is being set up connecting the State Headquarters and District Headquarters (HQs) as well as all Block HQs to respective District HQs. It also envisages village connectivity through wireless. This shall enable transparency, efficiency and accountable governance, providing several opportunities and access to the citizens-centric services. Moreover, E-Disha, a single point multi-service delivery system for providing citizen-centric services has been launched in 5 districts and is being launched in other districts of the State. Also, the Local Area Networks (LAN) have been established at major buildings and number of departments at State and District level.

## **3. Industries**

Haryana has a large industrial base having more than 1,271 large and medium and 80,000 small scale units in the State. Haryana is the largest producer of passenger cars, tractors, motorcycles, bicycles, refrigerators, scientific instruments, etc. The most important industries in the State are the automotive industry as well as handloom, hosiery, textile and garments manufacturing industry. IMT Manesar is fast coming up as a prominent cluster of automobiles and auto components. Growth center, Bawal is another area where a number of projects for the manufacturing of auto components are in the pipeline. The State Government has been making all efforts for establishing National

Automotive Testing, Research and Development infrastructure Project in Haryana with assistance from Government of India.

International Trade and Conventional centers are being set up at Panipat to promote handloom products and at Gurgaon for promotion of garments. Panipat handlooms and carpets are known all over the world. However, new investments in textile sector particularly the readymade garment is coming up in the State. Besides, the Government is developing industrial model township at Faridabad, Rohtak and Jagadhari. Many proposals for setting up new industrial estates at different locations particularly in Ambala, Saha, Yamuna Nagar, Barwala, Karnal, Rohtak and Kaithal are under consideration with the State Government. There is a great demand from industries for allotment of industrial land in the industrial estates developed by the HSIIDC and HUDA.

#### **4. Tourism**

Haryana offers excellent investment opportunities in the tourism sector. It has a network of around 44 tourist complexes in the State. Some of them are: Blue Jay (Samalkha), Skylark (Panipat), Chakravarty Lake and Oasis (Uchana), Parakeet (Pipli), Kingfisher (Ambala), Magpie (Faridabad), Dabchick (Hodel), Shama (Gurgaon), Jungle Babbler (Dharuhare), Gauriyya (Bahadurgarh), Myna (Rohtak), Blue Bird (Hisar), Red Bishop (Panchkula) and Pinjore Gardens (Pinjore). Surajkund and Badkhal Lake near Delhi; Sultanpur bird sanctuary (Sultanpur, Gurgaon); Damdama in Gurgaon and fascinating pocket of pines at Morni Hills are other attractions of tourist interest. The Surajkund Crafts Mela of international fame is held every year in the month of February. The Government of Haryana has also identified a number of new sites for creation of tourism spot. It has been undertaking several new projects, in joint venture/collaboration with private sector, in the following areas: setting up of hotels/motels; health resort/spa and beauty parlours; amusement parks including water rides; multiplex complexes; golf courses; shopping arcades; etc.

#### **STATUS OF SUCCESS IN THE STATE**

Haryana a land venerated in the ancient time in the Vedas and Bhagwad Gita, today touches new horizons as a modern day success story and is cherished for the enormous promising opportunities it creates and provides. The State today has harnessed the progressive thrust of Industrialization by steering it, pacing it and channelizing it with innovative apparatuses and has become the new Paradigm State in modern India. With its excellent location (nearly half area being in the NCR), state of the art infra, a progressive and open business environment, world-class educational institutions and human capital. It's no wonder that Haryana today has become the preferred location to do business from.

### Proven Performance & Prosperous Economy (2014-15)

Haryana's Share in India		Contribution of Haryana to India-Products	
Area	1.34%	Mobile Cranes	80%
Population	2.09%	Excavators	52%
Contribution to National GDP	3.4%	Cars	48%
ITBPO Employment	11%	Two Wheelers	39%
Scientific Instruments	20%	Tractors	11%
Sanitary ware	25%		

### Sectoral Contribution of Haryana Economy

Year	Primary	Secondary	Tertiary
2014-15	14.10%	27.00%	58.90%
1994-95	41.30%	27.80%	30.90%
1966-67	56.60%	20.50%	22.90%

- Gross State Domestic Product (2014-15): INR 4,35,310 crores
- Average Annual Growth rate (2014-15) : 7.8%
- Per Capita Income at current prices (2014-15): INR 1,47,076
- Per Capita Income : One of the highest in the country

The State has more than 1000 industrial units with foreign technical/financial collaboration. Multinational companies having presence in the State include - Siemens, Suzuki, GE, Honda, Smithkline Beecham, JCB, Hollister, Harvel, Osram, Mitsubishi, IBM, Yokohama, Alcatel, POSCO, LG, Perfetti, Johnson Matthey, Becton Dickinson, Caparo, Harley Davidson etc. The State also has considerable presence of domestic majors including – Hero Motocorp, Escorts, Bharti Airtel, Reliance, Lumax, Liberty Shoes, Lakhani, TCS, Amul etc.

The state has about 1670 Large and Medium Enterprises which have catalyzed investment of Rs.49000 crores and generated employment for 3.36 lakh people. Besides, there are around 90,000 MSMEs with total investment exceeding Rs.15000 crores and employing more than 8.90 lakh people. The exports from Haryana were of the order of Rs.68032 crores during the year 2013-14.

### Haryana – Success showcased in Reports

1. **Assocham Report October 2012** – ‘Investment of US\$ 90 billion (Private Sector accounting for US\$ 80 billion), influenced by investment opportunities, bureaucratic efficiencies & infrastructure facilities etc.’
2. **IFC Mint State Competitiveness Award 2012** – ‘Top Innovation Driven Economy in India’
3. **Presented by Govt. of India** – ‘Financial Inclusion Award-2012 in ‘State of the Year’
4. **India Today’s State of the States study report 2011** – ‘Haryana ranked as the top State in Most improved big State - Health and Education Sector categories’
5. **NCAER PC-NSDP Report 2011** – ‘Highest per capita net domestic product in the country’
6. **IFC-RICS Sustainability Competitiveness** – ‘Haryana amongst top states for social inclusion, environment & climate change, economic development & resource availability and utilization’
7. **Assocham Report, 2010** – ‘Highest implementation rate of pledged investment @ 81.5%’
8. **CMIE Report 2007** – ‘Highest per capita investment in the country’

### CONCLUSION

The economy of Haryana has witnessed a significant growth path during the recent years. The real GDP of the state has increased from about Rs. 104608 crores in FY2006 to about Rs. 199657 crores in FY2014. The average real GDP of the state has grown at around 8.5% during the period FY2006-FY2014. Services sector contributes a significant share of around 53% in the GSDP followed by the industry and agriculture at 27% and 20% respectively during FY2014. Per capita income of Haryana stands at Rs. 133427 (FY2014), which is significantly higher than all India per capita NNI (Net National Income) of Rs. 88533. Gross Fiscal deficit as a percentage of GSDP has been estimated at 3.1% for the year FY2016 which is reported to show a decline from 3.5% in FY2015. Going ahead, the state has every potential to achieve a sustainable 10% GDP growth in the next five years and thereafter strive for 12% GDP growth. To achieve this, it would be imperative for the government to focus on improving quality of infrastructure, agriculture, rural development, industry, education, services sector and tourism to boost economic development in the state.

In a nutshell, Government must focus on improving quality of infrastructure, enhancing agriculture productivity, addressing inflexibilities in labour markets, reforming manufacturing sector to bolster industrialization. The government should focus on improving the quality of education, attracting investments in health sector, strengthening rural development and developing skills sets in order to enhance the social infrastructure in the state. These reforms will not only boost the socio-economic segments but will also uplift the living standard of the masses.



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