

INVESTMENT PROBABILITY IN HARYANA: A PICTORIAL STUDY

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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 among the three best-performing states in the country as per its financial health. Haryana is the leading industrialized state of India and its share in National Production is 50% in passenger cars, 50% in motorcycles, 30% in Refrigerators, 25% in Tractors, 25% in Bicycles and Sanitary wares, 50% of the country's export of scientific instrument, 3rd among states in software exports from India. The Gurgaon city is emerging as one of the major hubs for the Information Technology and Automobile industry. Faridabad is another big industrial part of Haryana. It is home to hundreds of large-scale companies. Haryana is considered as the best place to start a small scale business in service industries.

As the largest recipient of investment per capita since 2000 in India, and among one of the wealthiest and most economically developed regions in South Asia, Haryana has the fifth highest per capita income among Indian states and union territories at 180,174 (US\$2,500) against the national average of 112,432 (US\$1,600) for year 2016–17. Haryana's 2017-18 estimated state GSDP of US\$95 billion (52% services, 34% industries and 14% agriculture) is growing at 12.96% 2012-17 CAGR and placed on the 13th position behind only much bigger states, is also boosted by 30 SEZs (mainly along DMIC, ADKIC and DWPE in NCR), 7% national agricultural exports, 65% of national Basmati rice export, 67% cars, 60% motorbikes, 50% tractors and 50% refrigerators produced in India. Faridabad has been described as eighth fastest growing city in the world and third most in India by City Mayors Foundation survey. In services, Gurugram ranks number 1 in India in IT growth rate and existing technology infrastructure, and number 2 in startup ecosystem, innovation and livability (Nov 2016).

Haryana is one of India's largest automobile hubs and has also emerged as a base for the knowledge industry, including IT and biotechnology. Haryana's electronics and IT exports stood at \$7.2 bn during 2016-17, which is 6.2% of the total electronics and IT exports from India. Haryana's business capital Gurugram is home to over 250 of the Fortune 500 companies. Located in northern India, Haryana has four key geographical features: the Shivalik Hills to the North-East, semi-desert sandy plain to the South-West, the Aravalli Range in the South and Yamuna-Ghaggar plain forming the largest part. Haryana is extremely well-connected with access to 2 international airports, 5 civil airports, 1,630 km of rail network, 26,131 km of road network including 24 national highways (NH). The state has a total installed power capacity of 11,225 MW. The entire state falls in the influence zone of two industrial corridors, namely, Delhi Mumbai Industrial Corridor (DMIC) and Amritsar Kolkata Industrial Corridor (AKIC). Thirteen districts of Haryana are in the National Capital Region (NCR), which is a prominent trade and consumption center.

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, NIFTEM, (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

Haryana constitutes 1.5% of India's area, yet contributes 15% of its agricultural produce, which has grown 7 times since the foundation of Haryana in 1966. About 86% of the area in the state is arable, and of that 96% is cultivated. About 75% of the area is irrigated, through tubewells and an extensive system of canals. Haryana contributed significantly to the Green Revolution in India in the 1970s that made the country self-sufficient in food production. The state has also significantly contributed to the field of agricultural education in the country. Haryana's agriculture GDP contribution to the nation's agricultural GDP is 14.1% and HAU Hisar in Haryana is Asia's largest agricultural university. Maharana Pratap Horticultural University was established in 2016. In 2017-18, out of total 1,350 canal tails, 1343 tails have been fully fed.

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

The headquarters of DLF Limited, India's largest real estate company, in Gurgaon, Haryana. Faridabad is one of the biggest industrial city of Haryana as well as North India. The City is home to large-scale MNC companies like India Yamaha Motor Pvt. Ltd., Havells India Limited, JCB India Limited, Indian Oil (R&D), and Larsen & Toubro (L&T). Eyewear e-tailer Lenskart and healthcare startup Lybrate have their headquarters in Faridabad. Hissar, a NCR Counter Magnet city known as steel and cotton spinning hub as well as upcoming integrated industrial aerocity and aero MRO hub at Hisar Airport, is a fast developing city and the hometown of

Navin Jindal and Subhash Chandra of Zee TV fame. Savitri Jindal, Navin Jindal's mother, has been listed by Forbes as the third richest woman in world.

Panipat has heavy industry, including a refinery operated by the Indian Oil Corporation, a urea manufacturing plant operated by National Fertilizers Limited and a National Thermal Power Corporation power plant. It is known for its woven modhas or round stools. Sonipat: IMT Kundli, Nathupur, Rai and Barhi are industrial areas with several Small and medium-sized enterprises, including come large ones such as Atlas cycles, E.C.E., Birla factory, OSRAM Gurugram: IMT Minesar, Dundaheera and Sohna are industrial and logistics hub, that also has National Security Guards, Indian Institute of Corporate Affairs, National Brain Research Centre and National Bomb Data Centre.

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 (Dharuhere), 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's 14th placed 12.96% 2012-17 CAGR estimated 2017-18 GSDP of US\$95 billion is split in to 52% services, 30% industries and 18% agriculture. Services sector is split across 45% in real estate and financial & professional services, 26% trade and hospitality, 15% state and central govt employees, and 14% transport and logistics & warehousing. In IT services, Gurugram ranks number 1 in India in growth rate and existing technology infrastructure, and number 2 in startup ecosystem, innovation and livability (Nov 2016). Industries sector is split across 69% manufacturing, 28% construction, 2% utilities and 1% mining. In industrial

manufacturing, Haryana produces India's 67% of passenger cars, 60% of motorcycles, 50% of tractors and 50% of the refrigerators.

Services and industrial sectors are boosted by 7 operational SEZs and additional 23 formally approved SEZs (20 already notified and 3 in-principal approval) that are mostly spread along the Delhi–Mumbai Industrial Corridor, Amritsar Delhi Kolkata Industrial Corridor and Delhi Western Peripheral Expressway in NCR).

Agriculture sector is split across 93% crops and livestock, 4% commercial forestry and logging, and 2% fisheries. Agriculture sector of Haryana, with only less than 1.4% area of India, contributes 15% food grains to the central food security public distribution system, and 7% of total national agricultural exports including 60% of total national Basmati rice export.

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.

Sectoral Contribution of Haryana Economy

Year	Primary	Secondary	Tertiary
2017-18	18.00%	30.00%	52.00%
2014-15	14.10%	27.00%	58.90%
1994-95	41.30%	27.80%	30.90%
1966-67	56.60%	20.50%	22.90%

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. As per Sept 2017 data, Haryana state's GSDP was US\$85 billion in 2016-17 (estimated to be US\$95 billion in 2017-2018, comparable to Angola), which had grown at 12.96% CAGR between 2012-17, boosted by the fact that this state on DMIC in NCR contributes 7% of India's agricultural exports and 60% of India's Basmati rice export, with 7 operational SEZs and additional 23 formally approved SEZs (20 already notified and 3 in-principal approval, mostly along Delhi Western Peripheral Expressway as well as Amritsar Delhi Kolkata Industrial Corridor and DMIC corridor) also produces India's 67% of passenger cars, 60% of motorcycles, 50% of tractors and 50% of the refrigerators, which places Haryana on 14th place on the list of Indian states and union territories by GDP behind only much bigger states that are significantly larger in both area

and population. As per Nov 2016 data, Gurugram ranks number 1 in India in IT growth rate and existing technology infrastructure, and number 2 in startup ecosystem, innovation and livability. 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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