

Himachal Pradesh

THE ABODE OF GODS

MARCH
2013



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- ❖ Himachal Pradesh – An Introduction
- ❖ Infrastructure Status
- ❖ Business Opportunities
- ❖ Doing Business in Himachal Pradesh
- ❖ State Acts & Policies



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Himachal Pradesh Factfile



Source: Maps of India

- Himachal Pradesh is located in the Northern region of India. The state is surrounded by Jammu & Kashmir on the North, Punjab on the West and the South-West, Haryana on the South, Uttar Pradesh on the South-East and China on the East.
- The common languages spoken are Hindi, Pahari, and Punjabi.

→ Being a sub-Himalayan state, Himachal Pradesh has a varied climate that changes with altitude. The climate ranges from warm and sub-humid tropical at low altitudes to cold and icy at high altitudes. There are three main seasons: winter from October to March, summer from April to June and rainy from July to September.

Parameters	Himachal Pradesh
Capital	Shimla
Geographical area (sq km)	55,673
Administrative districts (No)	12
Population density (persons per sq km)*	123
Total population (million)*	6.85
Male population (million)*	3.47
Female population (million)*	3.38
Sex ratio (females per 1,000 males)*	974
Literacy rate (%)*	83.8

Sources: Government of Himachal Pradesh Website,
www.himachal.nic.in,
*Provisional Data – Census 2011

Himachal Pradesh in Figures ... (1/2)

Parameter	Himachal Pradesh	All-States	Source
Economy			
GSDP as a percentage of all states' GSDP	0.7	100	CMIE, 2010-11, current prices
Average GSDP growth rate (%)*	15.0	15.9	CMIE, 2004-05 to 2010-11, current prices
Per capita GSDP (US\$)	1,819.8	1,324.3	CMIE, 2010-11, current prices
Physical Infrastructure			
Installed power capacity (MW)	3,714.1	211,766.2	Central Electricity Authority, as of January 2013
Wireless subscribers (No)	6,805,711	864,720,186	Telecom Regulatory Authority of India, as of December 2012
Broadband subscribers (No)	81,480	13,350,938	Ministry of Communications & Information Technology, as of December 2011
National Highway length (km)	1,506	76,818	Ministry of Road Transport & Highways, as of June 2012
Airports (No)	3	133	Airport Authority of India

*Calculated in Indian Rupee Terms

Himachal Pradesh in Figures ... (2/2)

Parameter	Himachal Pradesh	All-States	Source
Social Indicators			
Literacy rate (%)	83.8	74.0	Provisional Data – Census 2011
Birth rate (per 1,000 population)	16.5	21.8	SRS Bulletin (www.censusindia.gov.in), 2012
Investment			
FDI equity inflows (US\$ billion)	1.1*	187.9	Department of Industrial Policy & Promotion, April 2000 to December 2012
Outstanding investments (US\$ billion)	70.9	11,318.3	CMIE (2011-12)
Industrial Infrastructure			
PPP projects (No)	1	881	www.pppindiadatabase.com

*Including Chandigarh, Punjab and Haryana
PPP: Public Private Partnership; SRS: Sample Registration System

Advantage Himachal Pradesh ... (1/2)

Pharmaceuticals and Food Processing Hub

Himachal Pradesh has attracted investments in the pharmaceuticals, IT and engineering industries. Agriculture also plays a significant role in the state's economy. The state has a robust food processing sector.

Policy and Fiscal Incentives

The state offers a wide range of policy and fiscal incentives for businesses under the Industrial Policy, 2004. Additionally, the state has well-drafted sector-specific policies for biotechnology and IT.

Rich Labour Pool

The state has a large base of skilled labour, making it a favourable destination for knowledge-based sectors. Further, the state has a large pool of semi-skilled and unskilled labour.

Advantage Himachal Pradesh ... (2/2)

Facilitating Infrastructure

The state has well-developed social, physical and industrial infrastructure and virtual connectivity. It has a strong hydropower base because of its water resources and topography. It is supported by enabling policies.

High Economic Growth

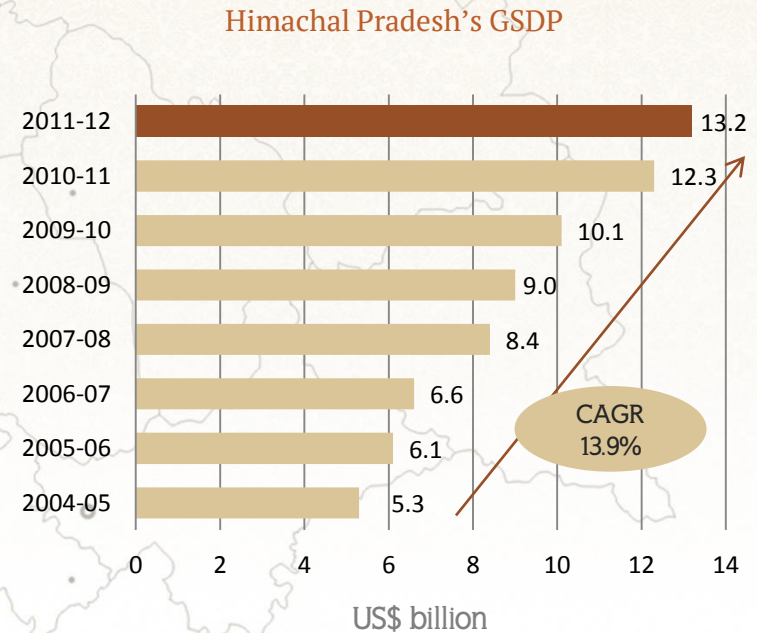
Himachal Pradesh's average GSDP (at current prices) growth rate between 2004-05 and 2011-12 was about 13.9 per cent.

Stable Political Environment

The state has a stable political environment with a single-party government. The State Government is committed towards creating a progressive business environment.

Economic Snapshot – GSDP

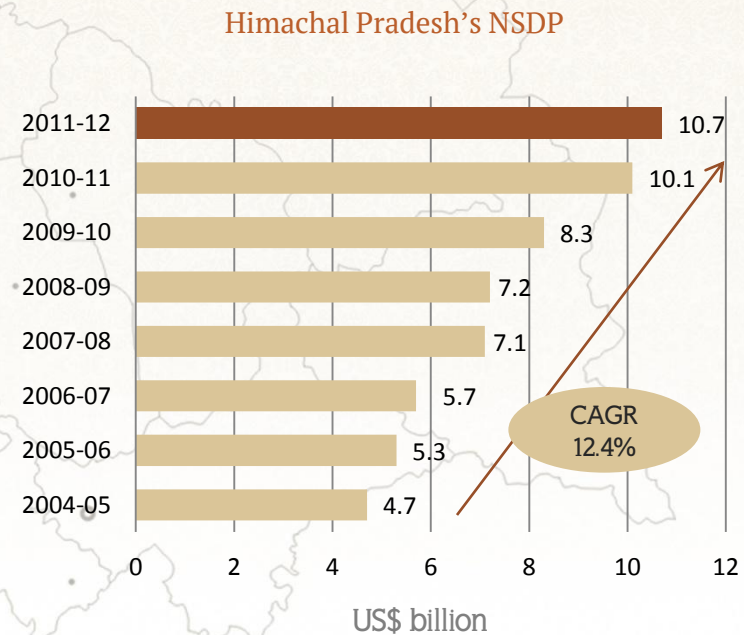
- In 2011-12, Himachal Pradesh's Gross State Domestic Product (GSDP) at current prices was US\$ 13.2 billion.
- Himachal Pradesh's GSDP grew at a Compound Annual Growth Rate (CAGR) of 13.9 per cent between 2004-05 and 2011-12.



Source: CMIE

Economic Snapshot – NSDP

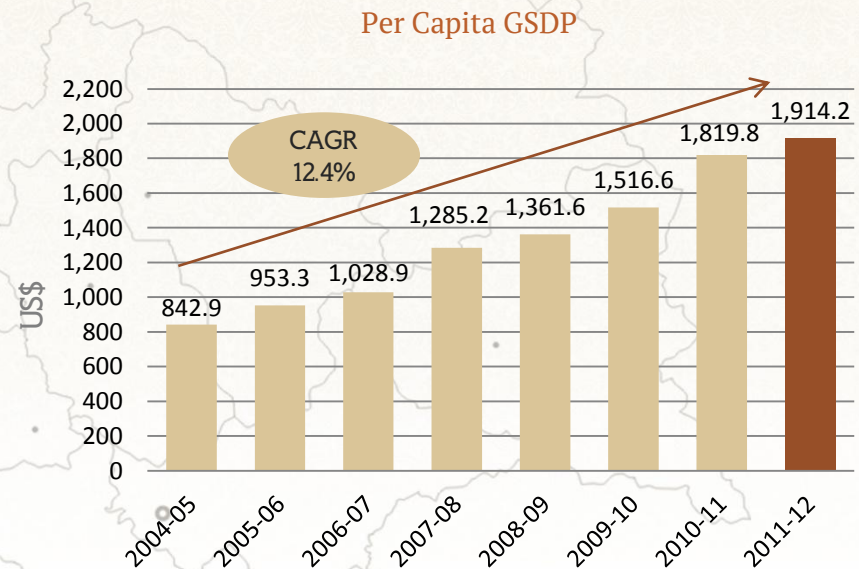
- The Net State Domestic Product (NSDP) of Himachal Pradesh was about US\$ 10.7 billion in 2011-12.
- The average NSDP growth rate between 2004-05 and 2011-12, was about 12.4 per cent.



Source: CMIE

Economic Snapshot – Per Capita GSDP

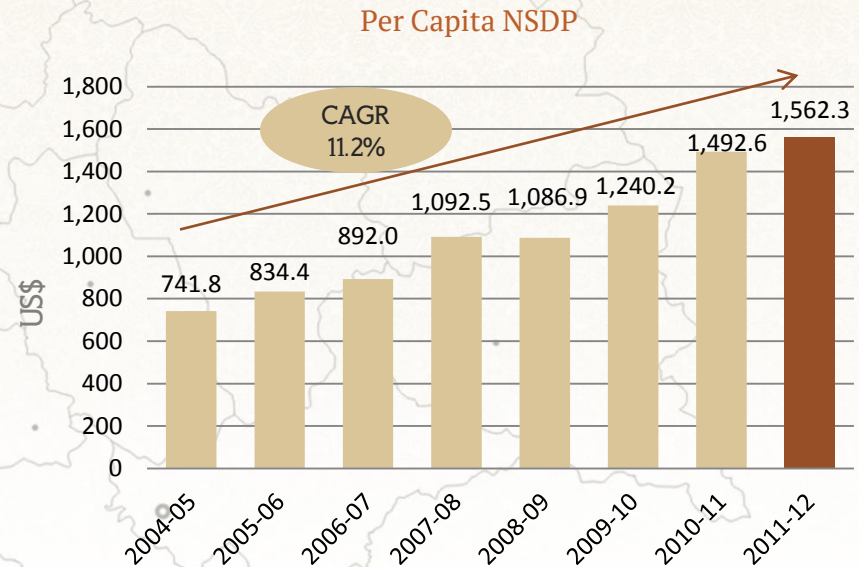
- The state's per capita GSDP in 2011-12 was US\$ 1,914.2 as compared to US\$ 842.9 in 2004-05.
- The per capita GSDP increased at a CAGR of 12.4 per cent between 2004-05 and 2011-12.



Source: CMIE

Economic Snapshot – Per Capita NSDP

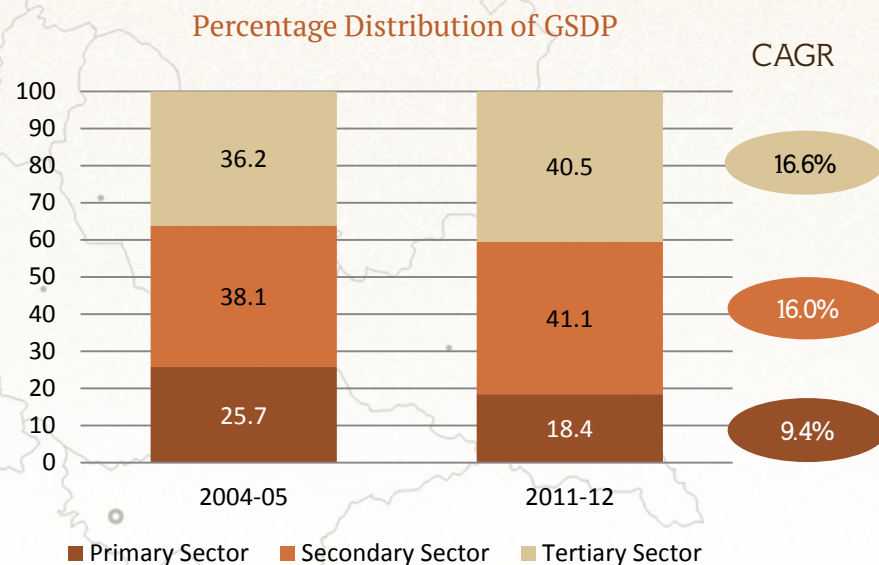
- The state's per capita NSDP in 2011-12 was US\$ 1,562.3 as compared to US\$ 741.8 in 2004-05.
- The per capita NSDP increased at a CAGR of 11.2 per cent between 2004-05 and 2011-12.



Source: CMIE

Economic Snapshot – Percentage Distribution of GSDP

- In 2011-12, the secondary sector contributed 41.1 per cent to the state's GSDP at current prices, followed by tertiary sector (40.5 per cent) and primary sector (18.4 per cent).
- Community and personal services are the primary constituents of the state's tertiary sector.
- In terms of share within the primary sector, agriculture continues to hold a significant share in the state economy.
- At a CAGR of 16.6 per cent, the tertiary sector has been the fastest growing sector among the three sectors from 2004-05 to 2011-12.
- The secondary sector grew at a CAGR of 16.0 per cent between 2004-05 and 2011-12.



Source: CMIE

Economic Snapshot – Agricultural Production

- In 2011-12, the total food grains production in the state was estimated at 1.5 million tonnes.
- Maize was the major crop among the food grains, followed by wheat and rice.
- The state has a prominent horticulture industry. Apple production stood at 275,030 tonnes in 2011-12 (as of December 2011) and accounted for approximately 83.0 per cent of the state's total fruit production.
- Other major fruits grown in the state include peach, apricot, cherry, mango and litchi.
- Vegetables production in the state was estimated at 1.3 million tonnes in 2011-12.

Crop	Annual Production (Estimated) – 2011-12 ('000 tonnes)
Vegetables	1,300
Maize	694
Wheat	690
Fruit	328*
Potato	180
Rice	106
Pulses	16

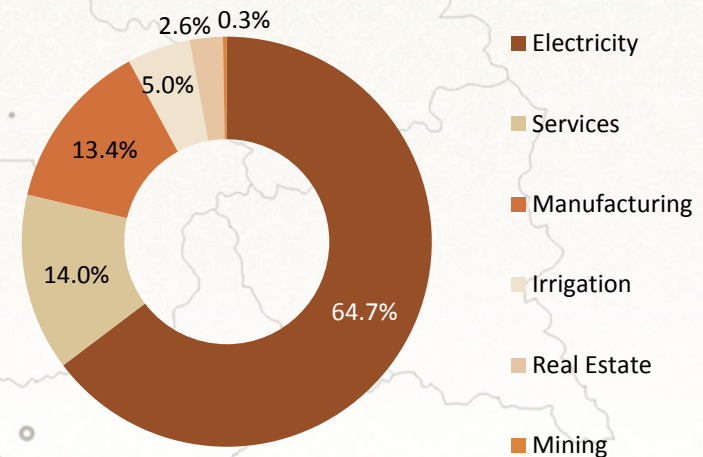
Source: Economic Survey of Himachal Pradesh 2011-12
*As of December 2011

Economic Snapshot – FDI Inflows & Investments

- According to the Department of Industrial Policy & Promotion (DIPP), the cumulative FDI inflows from April 2000 to December 2012 amounted to US\$ 1.18 billion*.
- Himachal Pradesh had outstanding investments of US\$ 70.9 billion in 2011-12.
- The bulk of the investments were in the electricity (64.7 per cent) and services (14.0 per cent) sectors.

*Including Chandigarh, Punjab and Haryana

Break up of Outstanding Investments by Sector (2011-12)



Source: CMIE

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Physical Infrastructure – Roads



Source: Maps of India

- Since much of the state is hilly, roads play a vital role in transportation.
- The state had total road length of 34,000 km as of December 2011.
- The National Highways length of the state was about 1,506 km as of June 2012.
- Roads have been assigned a high priority by the Government of Himachal Pradesh. In 2011-12, the government outlay for road development and related activities was US\$ 137 million.
- As of December 2011, 9,709 villages were connected with roads in the state.

Sources: Economic Survey of Himachal Pradesh 2011-12
Ministry of Road Transport & Highways

Physical Infrastructure – Railways



Source: Maps of India

- Himachal Pradesh falls under the Northern Railways network.
- As of March 2011, Himachal Pradesh had a total railway route length of 296 Km.
- Two narrow gauge lines connect Kalka with Shimla and Joginder Nagar with Pathankot; with a route length of 96 km and 113 km, respectively.
- A 33 km broad-gauge line connects the Nangal Dam to Charuru.

Source: Economic Survey of Himachal Pradesh 2011-12

Physical Infrastructure – Airports

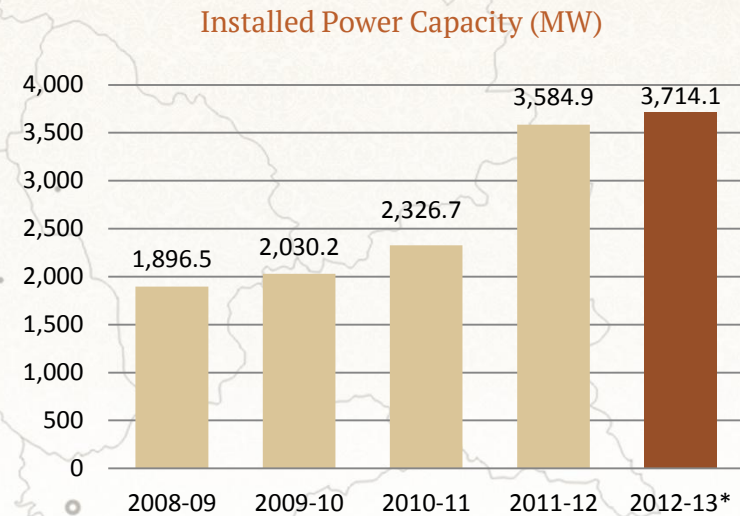


Domestic airport

- There are three airports – at Kullu (Bhuntar), Kangra (Gaggal) and Shimla (Jubbar Hatti).
- In addition, there are 57 operational helipads and another 12 new helipads are being planned.
- The State Government has identified three sites at Kandaghat in Solan district and Nadaun in Hamirpur district to establish an international airport in the state.

Physical Infrastructure – Power ... (1/2)

- As of January 2013, the state had a total power generation installed capacity of 3,714.10 MW.
- Himachal Pradesh is naturally suited for hydropower generation and accounts for around 25.0 per cent of India's total hydropower potential.
- The state has a high level of village electrification; about 17,466 of 17,495 villages had been electrified by the end of July 2012.
- In order to provide electricity to all the households in the state, under the Rajiv Gandhi Gramin Vidyutikaran Yojna (RGGVY) scheme, an amount of US\$ 75 million has been sanctioned.



Source: Central Electricity Authority
*As of January 2013

Physical Infrastructure – Power ... (2/2)

- State-owned power generation in Himachal Pradesh is managed by the Himachal Pradesh Power Corporation Limited (HPPCL).
- Power transmission is overseen by the Himachal Pradesh Power Transmission Corporation Limited.
- It is one of the few states in India where power delivered to consumers is 100 per cent metered.
- As of June 2012, the state had achieved 99.8 per cent of village electrification.

Physical Infrastructure – Telecom

- According to Telecom Regulatory Authority of India (TRAI), Himachal Pradesh had nearly 6.8 million wireless subscribers and 292,670 wire-line subscribers, as of December 2012.
- As of December 2012, the state had a high teledensity of 102.76 per cent, compared to the all-India average of 73.34 per cent.
- As of December 2011, the state had 7,206 Public Call Offices (PCOs) and 1,170 telephone exchanges.

Telecom Infrastructure (December 2012)

Wireless Subscribers	6,805,711
Wire-line Subscribers	292,670
Broadband Subscribers	81,480*
Teledensity (in per cent)	102.76
Public Call Offices (PCOs)	7,206*

Sources: Telecom Regulatory Authority of India, Department of Telecommunications, Annual Report 2011-12, Ministry of Communications & Information Technology
*As of December 2011

Some of the Major Telecom Operators in Himachal Pradesh

Bharat Sanchar Nigam Limited (BSNL)
Bharti Airtel
Tata Teleservices
Reliance Communications
Vodafone Essar
Aircel Limited
IDEA Cellular Services

Development Projects: Urban Infrastructure

- Shimla is one of the 65 cities that have been identified under the Jawaharlal Nehru Urban Renewal Mission (JNNURM) for local infrastructure development.
- Under JNNURM, five projects costing US\$ 35.2 million have been sanctioned for Shimla.
- The projects have been sanctioned between 2006-07 and 2011-12. The key areas of development are roads and flyovers, water supply, solid-waste management and sewerage.
- The Government of Himachal Pradesh has constituted a state-level steering committee under the chairmanship of the Chief Minister and has nominated Himachal Pradesh Housing and Urban Development Authority (HIMUDA) as the state-level nodal agency for implementing the planned projects under JNNURM.

Sources: JNNURM, Ministry of Urban Development, www.urbanindia.nic.in; Municipal Corporation, Shimla

Development Projects: Public Private Partnership Project

- Himachal Pradesh has one project being implemented under the Public-Private Partnership (PPP) mode; it has a project cost of US\$ 100.2 million.

Contract Authority	Project	Investment (US\$ million)	PPP Type	Stage
Roads				
National Highway Authority of India	Zirakpur-Parwanoo Road	100.2	BOT -Toll	Under Construction

Source: <http://www.pppindiaatabase.com>
BOT: Build-Operate-Transfer

Social Infrastructure – Education ... (1/2)

- The state has a literacy rate of 83.8 per cent according to the provisional data of Census 2011; the male literacy rate is 90.8 per cent and the female literacy rate is 76.6 per cent.
- Sarva Shiksha Abhiyan, a programme to ensure universalisation of elementary education, is being implemented in the state on a priority basis.
- The state is also planning to establish 16 new universities, in an effort to give a boost to vocational and higher education.
- Two engineering colleges, one at Pragatinagar in Shimla district and one at Bandla in Bilaspur district and five government polytechnics one each in district; Bilaspur, Kullu, Kinnaur, Sirmaur and Lahaul & Spiti are proposed to be opened.

Literacy Rates (%)	
Literacy Rate	83.8
Male Literacy	90.8
Female Literacy	76.6

Source: Census 2011 (provisional data)

Social Infrastructure – Education ... (2/2)

- Private participation is being encouraged in technical and vocational education.
- With the introduction of new Industrial Training Institutes/Centres (ITI/ITC), annual seats for vocational training stand at 29,164 in the state.

Educational Infrastructure

- Engineering Colleges: 20
- Medical Colleges: 2
- Dental Colleges: 5
- Polytechnics: 29
- ITI/ITC: 200

Source: Economic Survey of Himachal Pradesh 2011-12

Himachal Pradesh Education Statistics (As of December 2011)

Number of Schools	Primary: 10,768 Middle: 2,269 High school: 850 Senior Secondary Schools: 1,276
Pupil-Teacher Ratio (2010-11)	16:1 (all schools)

Sources: Economic Survey of Himachal Pradesh 2011-12,
Ministry of Human Resource Development

Social Infrastructure – Health

- There are 53 Civil Hospitals, 76 Community Health Centres, 456 Primary Health Centres, 23 Civil/ESI Dispensaries and 2,065 Sub-Centres in the state.
- The State Government has launched Himachal Health Vision 2020, to provide effective and efficient health services.

Health Infrastructure

- Civil Hospitals: 53
- Community Health Centres: 76
- Primary Health Centres: 456
- Sub-Centres: 2,065
- Civil/ESI Dispensaries: 23

Source: Economic Survey of Himachal Pradesh 2011-12

Himachal Pradesh's Health Indicators (2011)

Birth Rate*	16.5
Death Rate*	6.7
Infant Mortality Rate**	38
Life Expectancy at Birth (years)	
Male (2002-06)	66.5
Female (2002-06)	67.3

Sources: Sample Registration System (SRS) Bulletin 2012
(www.censusindia.gov.in),

Planning Commission, Government of India

*Per thousand persons

**Per thousand live births

Cultural Infrastructure

- The Himachal Pradesh Sports Council oversees the sports-related activities of the state.
- The Indira Gandhi State Sports Complex provides training for judo, badminton, volleyball, gymnastics, table tennis, boxing, wrestling, and martial arts. The complex also has a fitness and an aerobics facility.
- Adventure sports, such as river rafting, para-gliding and trekking are also popular given the climate and topography of Himachal Pradesh.
- The key hotels in Shimla are the East Bourne Resort & Spa, the Wildflower Hall and the Oberoi Cecil. In Dharamshala, the key hotels are the Clubhouse and the Asia Health Resorts, while the Hotel Kullu Valley, the Ambassador in Manali are the most popular hotels at Kullu-Manali.
- Kangra Valley is considered the cultural capital of Himachal Pradesh; it is home to Dharamshala and Mcleodganj, a hub for Buddhist-Tibetan culture. The district has several Buddhist monasteries and Hindu temples.
- The S.M. Convention Centre in Palampur, is one of the largest of its kind in the state; it has 25 rooms, five banquet halls, seminar rooms and a board room.

Industrial Infrastructure ... (1/2)

Infrastructure	Description
Industrial Areas	Set up at Baddi, Barotiwala, Parwanoo, Kala Amb, Paonta Sahib, Mehatpur, Tahliwal, Amb, Sansarpur Terrace and Golthai etc.
Baddi Barotiwala Nalagarh Industrial Area	The industrial area has been promoted by the Ministry of Commerce and Industries, Government of India. It has emerged as a hub for textiles, pharmaceuticals and packaging industries.
Biotechnology Park	The government has proposed to set up a biotechnology park at Nalagarh.
Nanotechnology Park	The nanotechnology park is proposed to come up on a 400-acre area near the Biotechnology Park at Aduwal near Nalagrah.
Inland Container Depot (ICD)	An ICD is being developed at Baddi for the benefit of exporting industries through Container Corporation of India. A Memorandum of Understanding (MoU) has been signed between Himachal Pradesh Government and Container Corporation of India.

Industrial Infrastructure ... (2/2)

- In an effort to provide infrastructure support to entrepreneurs, the Himachal Pradesh Government has developed 41 industrial areas and 15 industrial estates.

Name and Location	Primary Industry	Description
Baddi	Pharmaceuticals / Textiles	Located in the Solan district, the Baddi industrial area has several pharmaceutical, textile, auto ancillary, paper and printing units.
Barotiwala	Multi-Industry	Located in the Solan district; hub for small scale industries.
Parwanoo	Light Engineering	Located in the Solan district; the city is an industrial cluster for High-Density Polyethylene (HDPE) pipe companies.
Chambaghat	Electronics	Located on the Shimla-Kalka highway in the Solan district, the industrial area has prominent companies such as Himachal Futuristic Communications Limited and Shivalik Bimetal Controls Limited.
Paonta Sahib	Pharmaceuticals/ Chemicals	Located in the Sirmour district, the industrial area has a number of pharmaceutical and chemical companies.
Tahliwal and Gagret	Electronics	Located in the Una district, it has prominent telecommunications companies.
Amb Industrial Area	Engineering/Auto	Amb has prominent engineering and automotive companies such as International Cars and Motors Limited.
Sansarpur Terrace	Engineering	Located in the Kangra district, it has some of the leading engineering companies of North India.
Golthai	Multi-Industry	Located in the Bilaspur district, it has been identified as a mini growth centre.

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Key Industries

- The rich natural resources of the state are favourably suited for investments in major sectors such as procurement of agricultural produce, hydroelectric power, cement and tourism.
- Himachal Pradesh has made significant achievements in the field of industrialisation in the past few years.
- The districts of Solan, Sirmour, Kangra and Una lead in terms of investments attracted.
- As of March 2012, there were 487 medium and large scale industries and about 38,220 small scale industries with a total investment of about US\$ 3.33 billion, operational in the state. These industries provide employment to about 0.26 million persons.

Key Industries in Himachal Pradesh

- Textiles
- Pharmaceuticals
- Food Procurement and Processing
- Light Engineering
- IT and Electronics
- Cement
- Tourism
- Hydropower

Key Industries – Agro-based Industry ... (1/2)

- Agriculture is the main occupation and the major source of employment in the state.
- Food processing industry is primarily focussed in the areas of traditional processing of agricultural and horticulture raw material.
- Agri-procurement has lately been an investment area for corporate entities.
- The area under fruit cultivation increased from 792 hectares in 1950-51 to about 211,295 hectares in 2010-11.
- Apple is one of the most important crops in the state, constituting about 83.0 per cent of the total fruit production. The state produced 275,030 tonnes of apples in 2011-12 (as of December 2011).

Some of the Key Players

- Cremica Group
- Adani Agri Fresh
- Nestle India
- Dabur

Key Industries – Agro-based Industry ... (2/2)

Cremica Group



- Cremica Group is a prominent player in both the Indian food retail and the food services industry. The business activities of the company include Cremica Frozen Foods, EBI Foods, Mrs Bector's Desserts and Cremica Agro India. The company is commissioning a plant at Tahliwal Industrial Area, Una, for manufacturing biscuits and Indian snack foods. It is a 100 per cent automated facility with a monthly manufacturing capacity of 5,000 tonnes of biscuits.

Adani Agrifresh Ltd



- Adani Agrifresh, a 100 per cent subsidiary of Adani Enterprises, which had consolidated revenue of US\$ 8.32 billion in 2011-12, has set up three controlled-atmosphere storage units at Rampur, Sainj, and Rohru in Himachal Pradesh with an investment of US\$ 40 million with a combined capacity of 18,000 metric tonnes of apples per year; involved in procurement, storage and transportation of fresh fruits and vegetables. The company is directly buying fruit from about 4,000 farmers.

Nestle India



- Nestle has a presence in India for almost a century with seven production facilities across the country. The company produces chocolate and confectionaries, prepared dishes and cooking aids, beverages and milk products and nutrition. It had revenues of US\$ 1.56 billion in 2011. The construction of Nestlé's factory in Tahliwal, district Una, Himachal Pradesh, is in full swing.

Dabur India Ltd



- Dabur is one of the country's largest consumer goods companies. It had revenues of US\$ 1.1 billion in 2011-12; the company manufactures several of its products in Baddi, including honey and amla.

Key Industries – Pharmaceuticals ... (1/2)

- Himachal Pradesh is among the fastest growing regions for the pharmaceutical industry in India, driven by the incentives announced by the State Government in its Industrial Policy, 2004.
- Over 300 pharmaceutical companies have set up operations in the state, including Ranbaxy, Dr Reddy's, Morepen and Torrent Pharmaceuticals.
- The Department of Environment, Science & Technology (DEST), Government of Himachal Pradesh proposes to develop a Biotechnology Park (BTP) spread over an area of about 35 acres at village Aduwal in district Solan, under Public Private Partnership (PPP) mode in the state. The park will have Biotechnology Incubation Center and Biotechnology Industrial Cluster.

Some of the Key Players

- Ranbaxy Laboratories Ltd
- Cipla Ltd
- Dr Reddy's Laboratories Ltd
- Panacea Biotec Ltd

Key Industries – Pharmaceuticals ... (2/2)

Ranbaxy Laboratories Ltd



- Ranbaxy is among India's leading pharmaceutical companies with business operations in 43 countries and manufacturing facilities in eight countries. It has a manufacturing facility at Paonta Sahib, district Sirmour. The company manufactures fermentation-based products such as Lovastatin and Pravastatin. In 2008, Japanese conglomerate Daiichi Sankyo became the largest shareholder in Ranbaxy. In 2011, the company's revenue was around US\$ 2 billion.

Cipla Ltd



- Cipla has one of the largest product portfolios with over 1,000 products and revenue of around US\$ 1.5 billion in 2011-12. The company established a manufacturing facility at Baddi in 2005. The unit manufactures bulk drugs, tablets and capsules, creams, aerosols/inhalation devices and injections/sterile solutions.

Dr Reddy's Laboratories Ltd (DRL)



- Established in 1984, Dr Reddy's ranks among the top 15 generics players in the world. It is the first pharmaceutical company in Asia-Pacific (outside Japan) to be listed on the New York Stock Exchange (NYSE). It is a global pharmaceutical major with its presence in over 25 countries; overseas business contributes around 82.0 per cent of total revenues in 2011-12. It has a presence in therapeutic categories such as anti-infectives, cardio-vascular, diabetes, dermatological, pain management, nutritional, dental, urological and oncology. The company has a finished dosage facility in Baddi.

Panacea Biotec Ltd



- Panacea is one of India's prominent pharmaceutical and biotech companies involved in research, manufacturing and marketing of pharmaceutical formulations. It recorded revenues of US\$ 145.55 million in 2011-12. As of March 2012, the company had filed around 1,500 patents, of which 413 have been granted. The company has around 3,300 employees including around 275 scientists. Its pharmaceutical and vaccine formulations facility is located in Baddi. The total production capacity of Baddi facility is 600 million doses per annum and it can be increased to one billion doses per annum by addition of third line.

Key Industries – Textiles ... (1/2)

- The textiles industry in Himachal Pradesh is mainly focussed on spinning with companies such as Vardhman also engaged in weaving and dyeing.
- Handloom and carpet weaving have developed as small scale industries.
- Himachal Textile Park Ltd, a subsidiary of Jindal Cotex Ltd, has set up the “Textile Park” in the state to provide land and necessary infrastructure facilities to the units which are set up in the park. Jindal Medicot Limited and Jindal Specialty Textiles Limited have already set up their technical textile projects in this “Textile Park”. More, units are coming in the near future to set up their technical textile projects.

Some of the Key Players

- Vardhman Group
- Winsome Group
- Birla Textile Mills
- Himachal Fibre Ltd

Key Industries – Textiles ... (2/2)

Vardhman Group



- The group has a turnover of US\$ 817.27 million. It has four state-of-the-art spinning facilities at Baddi with a combined installed capacity of about 260,160 spindles. Its products include yarns, fabrics, garments, sewing threads and fibre. The company is among the largest producers and exporters of yarns and grey woven fabrics, tyre cord yarns and sewing threads. The company has also set up a finishing operation in Baddi, under the name of Auro Textiles, which has a production capacity of 50 million meters per annum.

Winsome Group



- Winsome Textile Industries Limited is part of Winsome Group, has a spinning facility at Baddi. It produces yarns in a variety of shades in melange, package dyed, and fibre-dyed yarns. The company is planning to setup another spinning unit with the capacity of 40,800 spindles and circular knitting unit in Himachal Pradesh at an investment of approximately US\$ 43.8 million.
- The company recorded revenue of US\$ 91.68 million in 2011-12.

Birla Textile Mills



- Division of Chambal Fertilizers and Chemicals Limited, a flagship company of the KK Birla Group of companies. The company's Baddi plant has an installed capacity of more than 83,320 spindles.

Himachal Fibre Ltd



- Established in 1982, the company is a manufacturer of multiple types of yarn, such as cotton yarn, melange yarn, open-end yarn, blended yarn, etc. It has a manufacturing unit in the Barotiwala industrial area, Solan and recorded revenue of US\$ 21.6 million in 2011-12.

Key Industries – Light Engineering Goods ... (1/2)

- The light engineering goods industry in Himachal Pradesh includes precision engineering components, automotive components, steel and fabrication units and cylinder manufacturing.
- Kala Amb in Paonta Sahib has a large number of steel fabrication mills.
- Auto component units are, mainly, based in Parwanoo (Solan district). General & light engineering Industrial cluster is also located in Parwanoo.
- International Cars and Motors Limited has a factory at Una.

Some of the Key Players

- Gabriel India
- International Cars and Motors Ltd
- Blue Star India
- TVS Motor Company

Key Industries – Light Engineering Goods ... (2/2)

Gabriel India



- Gabriel is a flagship company of Anand Automotive Group; it manufactures ride-control systems and engine bearings. The company supplies to all three segments of the market: original equipment, aftermarket and exports. It produces 20 million units per annum.
- In 2007, the company set up its plant at Parwanoo. The plant manufactures shock absorbers for commercial vehicles and two wheelers, struts for passenger cars and front forks for motor cycles.

International Car and Motors Ltd (ICML)



- ICML is a subsidiary of the Sonalika Group. It sells multi-utility vehicles under the brand name Rhino. The company has an installed capacity of 2,000 vehicles per month, a state-of-the-art facility at Una and technical collaboration agreement with MG Rover of the UK. The Sonalika Group intends to invest US\$ 219 million in Himachal Pradesh over the next 2-3 years.

Blue Star India



- Blue Star is one of India's largest air conditioning companies. It had revenues of US\$ 581.73 million in 2011-12. The company employs 2,785 people in six manufacturing facilities across the country. In 2005, the company set up a 14,000 sq m manufacturing unit at Kala Amb.

TVS Motor Company



- TVS Motor is one of the largest two-wheeler manufacturers in India. It had revenues of US\$ 1,550.73 million in 2011-12 and had around 4,405 employees. In 2007-08, the company began operations at its new Nalagarh plant.

Key Industries – Cement Industry ... (1/2)

- Himachal Pradesh has ample availability of quality limestone; the state supplies almost half of its cement produced to other states.
- Five cement plants at Barmana, district Bilaspur (two units), Kashlog district Solan (two units) and Rajban district Sirmour (one unit) and one major cement plant in Baga-Bhalag of Solan district are under operation in the state.
- Memorandum of Understandings (MoUs) have been signed for the establishment of major cement plants by M/s Harish Cement (Grasim), at Sundernagar, district Mandi, by M/s India Cements Limited at Gumma-Rohaha, district Shimla, by M/s Lafarge India Limited at Alsindi, district Mandi.
- For establishment of a large cement plant at Broh Shind, district Chamba, MoU has been signed by the Government of Himachal Pradesh with J P Industries.

Key Players

- ACC Ltd
- Ambuja Cements Ltd
- Jaypee Cements

Key Industries – Cement Industry ... (2/2)

ACC Ltd



→ ACC is one of India's foremost manufacturers of cement and concrete with 14 cement factories. It has a plant Galgal Cement Works in district Bilaspur. In September 2009, Himachal Pradesh allowed ACC to generate electricity using the waste exhaust from kiln gases, an environmentally-friendly method.

Ambuja Cements Ltd



→ Ambuja Cements is among the large cement companies in India with an annual combined capacity of 27.35 million tonnes. It has an installed capacity of 2 Million Tonnes Per Annum (MTPA) in Darlaghat (Solan district). The company inaugurated its third cement plant at Nalagarh with a capacity of 1.5 million tonnes and has set up a new clinker production facility of 2.2 million tonnes capacity in Rauri in 2010.

Jaypee Cement



→ Jaypee Cement has an aggregate annual capacity of 28 million tonnes per annum and is among the largest cement producers in the country. The company has aggressive expansion plans and is targeting an annual capacity of 35.9 million tonnes by 2013. Jaypee has a cement blending unit in Nalagarh, which has a production capacity of 2.5 million metric tonnes.

Key Industries – IT and Electronics Industry ... (1/2)

- Himachal Pradesh's IT policy and the incentives offered to the IT industry are aimed at promoting the state as an attractive destination for the industry.
- The state has proposed to set up Information Technology Parks and several incentives are being offered to IT firms.
- Software Technology Parks of India (STPI) has set up a centre in Shimla.
- In 2010-11, software exports made by registered units through STPI was US\$ 0.19 million.
- The state has launched a venture capital fund dedicated to the IT industry with a corpus of around US\$ 4.2 million. It is funded jointly by Small Industries Development Bank of India (SIDBI) and other State Government agencies.

Some of the Key Players

- Himachal Futuristic Communication Ltd
- Microtek International
- WeP Peripherals Ltd
- Spice Mobile

Key Industries – IT and Electronics Industry ... (2/2)

Himachal Futuristic Communications Ltd (HFCL)



- HFCL is a leading telecom equipment manufacturer, particularly, transmission equipment, optical-fibre cables, accessories and terminal equipment. It has a manufacturing facility at Solan. The total employee strength of the company was 973, as of March 2012. The company is among the first Indian telecommunication companies to have successfully subscribed a Global Depository Receipts (GDR) issue. The company has participated and executed various national and international turnkey projects in the field of Satellite & Radio Communication, CDMA Mobile networks, Optical Transport Networks and Spectrum Management solution.

Microtek International Pvt Ltd



- Microtek International is an IT peripherals and power products company. It has set up a motherboard manufacturing facility at Parwanoo with a capacity of 50,000 motherboards per month.

WeP Peripherals Ltd



- Established in 2000, WeP Peripherals started manufacturing dot-matrix printers; it has now diversified into power solutions - Uninterrupted Power Supply (UPS); the company has a state-of-the-art manufacturing facility in Baddi, where it has the capacity to produce more than 650,000 products per annum.

Spice Mobile



- Spice Mobile, a subsidiary of the Spice group is among the largest mobile handset makers in India; it has a manufacturing facility in Baddi, where it began production of mobile handsets in March 2010. The company has a market share of around 4.0-5.0 per cent of the Indian mobile devices market.

Key Industries – Tourism Industry ... (1/2)

- Tourism is one of the most important sectors for the state economy in terms of foreign exchange earnings as well as creation of employment opportunities.
- The state is endowed with topographic diversity as well as with historical monuments and religious shrines.
- As of December 2011, there were 2,150 registered hotels in the state.

Top Tourist Destinations	Registered Hotels and Guest Houses (No)*
Kullu	580
Shimla	388
Kangra	357
Solan	185
Chamba	150

Source: Department of Tourism, Himachal Pradesh
*As of December 2010

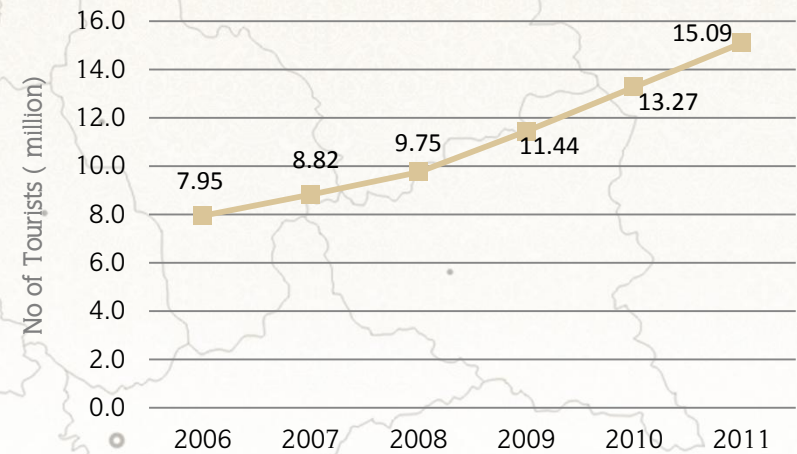
Key Industries – Tourism Industry ... (2/2)

→ The tourist inflow in the state has increased from 7.95 million in 2006 to 15.09 million in 2011, representing a CAGR of 13.6 per cent.

Destination	No of Tourists * (in million)
Shimla	2.9
Kullu	2.7
Kangra	1.9
Bilaspur	1.0
Chamba	0.8

Source: Department of Tourism, Himachal Pradesh
*In 2011

Total Tourist Arrivals in Himachal Pradesh



Source: Economic Survey of Himachal Pradesh 2011-12

Himachal Pradesh

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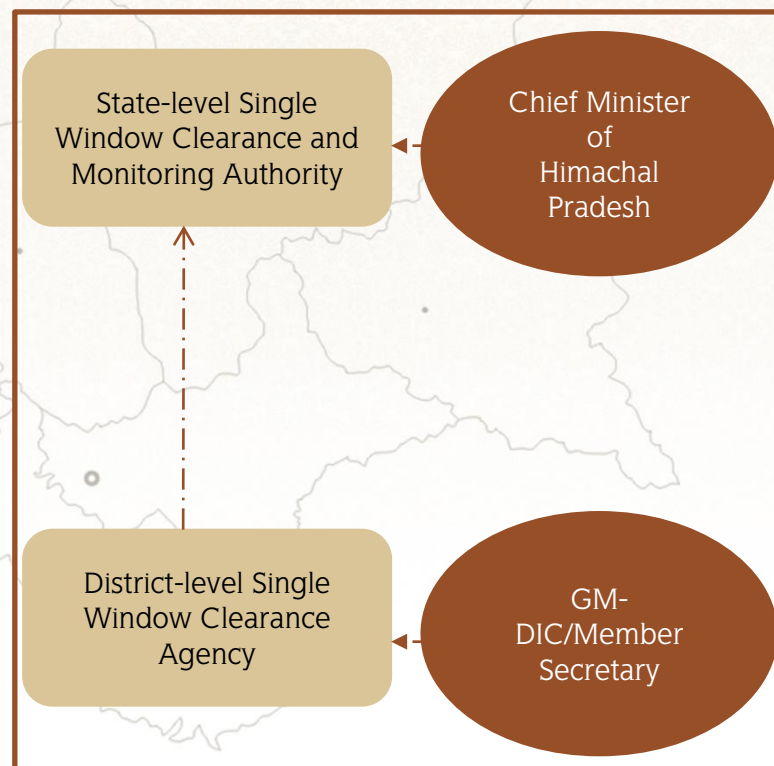


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Single-Window Clearance Mechanism ... (1/2)

- Single-Window Clearance Mechanism (SWM), was established in 2004. It has two-tier structure.
- District Single Window Clearance Committee for each district in the state; chaired by the General Manager/Member Secretary, with senior-most officers of departments concerned in the district as members.
- State-level agency with the Chief Minister of Himachal Pradesh as its Chairman and various heads of departments as its members.
- Approvals for proposals with investments of over US\$ 1.09 million, power requirement of above 1 MW and industries in the negative list such as forest-based, mining, etc., as defined by the Central and State Government – are decided by the State-level Single-Window Clearance Agency.

SWM Structure in Himachal Pradesh



Source: Industries Department, Government of Himachal Pradesh
GM: General Manager, DIC: District Industrial Centre

Single-Window Clearance Mechanism ... (2/2)

→ Single Window Clearance and Monitoring Agency: State-Level Nodal Agency

Purpose	Composition
<ul style="list-style-type: none"> Provides first approval to medium and large scale investment proposals between 30-60 days of submission. Projects above US\$ 1.09 million, power requirements above 1 MW, and industries in the negative list such as forest-based, mining, etc., as defined by the Central and State Government – approved by the agency. 	<ul style="list-style-type: none"> The Chief Minister of Himachal Pradesh is the Chairman of the agency; other members include heads of the departments of town and country planning, labour, electricity, water, director of industries, industrial adviser.

→ District Industry Centre (DIC): District-Level Committee for Single-Window Clearance

Purpose	Composition
<ul style="list-style-type: none"> Provides sanctions and clearances for setting up small scale industrial units. 	<ul style="list-style-type: none"> Convened by the General Manager, DIC or member secretary, Single Window Clearance and Monitoring Agency

Key Investment Promotion Offices ... (1/2)

Agency	Description
Single-Window Clearance Agency	<ul style="list-style-type: none">• Agency for speedy clearance and in-principle approval to large and medium scale projects.• Time frame for approval is 30-60 days.• Since inception in 2004, 51 meetings have been held and 864 projects with an investment of US\$ 6.11 billion have been approved up to March 2011.
Himachal Pradesh State Small Industries and Export Corporation	<ul style="list-style-type: none">• Supply of raw material through appropriate depots.• Supply of machinery on hire-purchase.• Provision of assistance in export and marketing.
Himachal Pradesh Financial Corporation	<ul style="list-style-type: none">• To provide medium and long-term loans as well as working capital loans to small and medium scale units under its various schemes.• To provide loans for expansion, modernisation and rehabilitation of the existing units.

Key Investment Promotion Offices ... (2/2)

Agency	Description
Directorate of Industries	<ul style="list-style-type: none">• Registration of Small Scale Industries (SSI) and recommendation of medium and large scale industries to the appropriate authority.• Technical and general consultancy.• Recommendation for financial assistance to financial institutions/banks for margin money and loans.• Industrial infrastructure development.• Collection and maintenance of data relating to industrial units.• Allotment of industrial plots, sheds and shops in districts.• Liaison with and provide feedback to the Central and State Governments.• Administration of all incentives to industries given by both Central and State Governments.

Contact List

Agency	Contact Information
Himachal Pradesh Industries Department	Udyog Bhawan Shimla Phone: 91-177-2813414 E-mail: dirindus-hp@nic.in Website: http://himachal.nic.in/industry/welcomelat.htm
Himachal Pradesh State Industrial Development Corporation Limited	New Himrus Bhawan Circular Road Shimla Phone: 91-177-2624751, 2621426 Fax: 91-177-2624278 E-mail: hpsidc@sancharnet.in Website: http://www.hpsidc.nic.in

Key Approvals Required

Approvals and Clearances Required	Departments to be Consulted
Prior to Setting up the Unit	
Registration	District Industry Centre for SSI or Large and Medium Industries
Allotment of Land/ Shed	State Department of Industries/Infrastructure Corporation
Permission for Land Use	District authorities, Department of Town and Country Planning
No Objection Certificate under Water and Air Act	Himachal Pradesh State Pollution Control Board
Approval for Construction Activity and Building Plan	Town and Country Planning Authority
Site Environmental Approval	State Pollution Control Board and Ministry of Environment and Forests
Provisional Trade Tax Registrations	Central and State Excise Departments
Registration under Central Sales Tax Act	Central and State Excise Departments
Before Commencement of Production	
No Objection Certificate under of Water and Air Act	Himachal Pradesh State Pollution Control Board
No Objection Certificate	Fire Department and Directorate of Factories and Boilers
Permanent Trade Tax Registration	Central and State Excise Departments
Registration under Central Sales Tax Act	Central and State Excise Departments
After Commencement of Production /Activity	
Registration	Department of Industries and Respective Sector Departments such as Information Technology/Biotechnology, etc.

Cost of Doing Business in Himachal Pradesh

Cost Parameter	Cost Estimate
Industrial Land (per sq ft)	Baddi Industrial Area: US\$ 15 to US\$ 50 Other Industrial Areas: US\$ 12 to US\$ 35
Office Space Rent (per sq ft per month)	US 10 cents to US\$ 8
Residential Rent (1,600 to 2,500 sq ft house)	US\$ 250 to US\$ 900 per month*
Hotel Costs (per room, per night)	US\$ 30 to US\$ 210
Power (per kWh)	Small and Medium Industries: US 7.7 cents to US 8.5 cents Large Industries: US 7.0 cents to US 7.7 cents
Labour (minimum wage per month)	US\$ 72 to US\$ 116
Water (per kl)	Domestic: US 16.2 cents Commercial: US 32.6 cents

Sources: Directorate of Industries, Ministry of Labour and Employment, Government of India, Himachal Pradesh Irrigation and Public Health Department, Himachal Pradesh State Electricity Board Ltd, Industry Sources
*Shimla or Kullu Manali
kl: kilolitre

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State Acts & Policies

Tourism Policy 2005

Objective

- To make tourism the prime engine of economic growth by positioning the state as a leading global destination by the year 2020.

[Read more](#)

Industrial Policy 2004

Objective

- To develop infrastructure with lesser number of regulations and provision for speedy clearance of new projects.

[Read more](#)

IT Policy 2001

Objectives

- Action plan to harness the potential benefits offered by IT.
- To use IT for heralding world class E-Tourism in the state.

[Read more](#)

Hydro Policy

Objective

- To focus on capacity addition, energy security, access and availability, affordability, efficiency, environment and local employment.

[Read more](#)

Annexure

Exchange Rates

Year	INR equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.28
2007-08	40.24
2008-09	45.91
2009-10	47.41
2010-11	45.57
2011-12	47.94

Average for the year

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