CONTENTS

Executive Summary 5
Economic Snapshot 7
The State Economy 9
Infrastructure 11
Social infrastructure 11
Access infrastructure 11
Communications infrastructure 13
Industrial infrastructure 13

State Policy 17
Industrial Policy 17
IT Policy 17
e-Governance 17
Human Resource Development 18
Development of SMEs 18
Scheme of incentives and concessions 18

Business Opportunities 19
Key industries 19
Investment 20
Exports 20
Thrust sectors 21

Key Players 25

Doing Business in Haryana 30
Obtaining approvals 30
Cost of setting up business 31
Contact for information 32

A report by PricewaterhouseCoopers for IBEF
Executive Summary

During 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 the country. The state is located strategically close to Delhi and one third of its area falls within the National Capital Region (NCR). 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 automobiles and auto components, textiles and readymade garments, Information Technology (IT) and Information Technology Enabled Services (ITES). The state accounts for half the cars and two-wheelers produced in the country. It is also the third largest exporter of software services.

The state 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

<table>
<thead>
<tr>
<th>Capital</th>
<th>Chandigarh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area (sq km)</td>
<td>44,000</td>
</tr>
<tr>
<td>Population (Census 2001, million)</td>
<td>21 million</td>
</tr>
<tr>
<td>Literacy Rate (%)</td>
<td>67.9</td>
</tr>
<tr>
<td>Human Development Index</td>
<td>0.509 (all India rank 5th)</td>
</tr>
<tr>
<td>NSDP (US$ billion)</td>
<td>7.1</td>
</tr>
<tr>
<td>NSDP Growth (10 years)</td>
<td>6.5 per cent (average annual)</td>
</tr>
<tr>
<td>Per Capita Income (US$)</td>
<td>592</td>
</tr>
<tr>
<td>Exports (US$ million)</td>
<td>2,666</td>
</tr>
<tr>
<td>National Highways Length (km)</td>
<td>1,468</td>
</tr>
<tr>
<td>Rail Length (km)</td>
<td>1,548</td>
</tr>
<tr>
<td>International Airport</td>
<td>Indira Gandhi International Airport, Delhi</td>
</tr>
<tr>
<td>Domestic Airport</td>
<td>Chandigarh</td>
</tr>
<tr>
<td>Key Industries</td>
<td>Automobiles, Textiles and Readymade Garments, IT/ITES</td>
</tr>
<tr>
<td>Industries with Growth Potential</td>
<td>Agro-based and Food Processing, Electronics and Information &amp; Communications Technology, Automobiles and Automotive Components, Handloom, Hosiery, Textiles and Garments Manufacturing, Export Oriented Units, Petrochemicals, Property Development and Retailing</td>
</tr>
</tbody>
</table>
Advantage Haryana

- Fourth highest per capita income in the country
- Situated in the National Capital Region, one of the largest trade and consumption centres in the country and proximity to the Indira Gandhi International Airport
- 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 in the country
- 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 the country. Geographically one of the smallest states in India, covering an area of 1.37 per cent, it enjoys a locational advantage being situated in the National Capital Region (NCR), 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 1994-2003, the Compounded Average Growth Rate (CAGR) of the state’s real NSDP was 6.5 per cent, increasing from US$ 4.3 billion to US$ 7.1 billion.

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

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

The state’s per capita income of US$ 592 is 27.8 per cent higher than the national average of US$ 463. During the last decade, the state has made significant progress in improving the social infrastructure. This is reflected in the state’s improving performance as measured by the Human Development Index- ranked fifth in the country.

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

Social infrastructure

The state'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 67.9 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 the state.

The medical institutions in the state offer 150 seats annually. In addition, there are 3 pharmacy institutes with an annual intake of 180 students and 12 management institutes with an annual intake of 700 students.

The state'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 has proposed to develop a world class education city the Rajiv Gandhi Education City, which will provide opportunities to educational and research institutes to come up in the state. A medcity housing state-of-the-art healthcare institutes and super speciality hospitals will also be set up.

Mega projects promoting education and healthcare will be considered for special package of incentives similar to 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 in 2002.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total length (in km)</td>
<td>27,907</td>
<td>28,416</td>
<td>28,093</td>
<td>28,203</td>
</tr>
<tr>
<td>Surfaced length (in km)</td>
<td>25,868</td>
<td>25,790</td>
<td>26,011</td>
<td>26,311</td>
</tr>
</tbody>
</table>

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

The state’s road density is 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 the state’s important business centres. Roads are the principal mode of transportion and connectivity in the state.

The State Government has decided to give high 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, costing over US$ 92 million.

Under the on-going National Highway Development Programme (NHDP), a length of 332 km is being converted into 4/6 lane highways. The acquisition of land for converting NH-10 to a 4 lane highway...
from Bahadurgarh to Rohtak has been completed. The total length of railway network in the state is 1,548 km with 366 km of electrified tracks. Indian Railways has two projects for laying new railway lines in the state. These projects, with a length of 170 km, will 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. The state 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. The Government of Haryana has approved construction of 17 rail-overbridges 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 the NCR. Extension of Delhi Metro Rail to Gurgaon and Manesar and its connectivity to Bahadurgarh, Sonepat and Faridabad is also on the agenda.

The State Government is encouraging pipelining and distribution of CNG/PNG in the transport and domestic sectors. Efforts are being made to spread the use of natural gas in the industrial, commercial and power sectors. Investment by public and private sectors in gas distribution is also being encouraged and facilitated.

**Power**

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

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.
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 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 from public and 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 in 2003-04. 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 finalised within a specified period.

The State Government proposes to develop an industrial park in and around Panipat for the development of downstream industries.

Communications infrastructure

Telecommunications services have been developing rapidly in the state 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.

<table>
<thead>
<tr>
<th>Year</th>
<th>1995</th>
<th>1997</th>
<th>1999</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed wire telephones (in '000)</td>
<td>242</td>
<td>355</td>
<td>525</td>
<td>794</td>
<td>984</td>
</tr>
</tbody>
</table>

Source: CME, Infrastructure Report

The growth in mobile telephony has been equally strong. Since its launch in 1999, the number of subscribers increased to over 600,000 in 2004. The key telecom players in the state are Escotel, Idea, Aircel Digilink, Bharti and BSNL.

In terms of per capita, electricity consumption in the state 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 3,000 MW power generation capacity during the Tenth and Eleventh Five Year Plan. This includes Yamuna Nagar Thermal Project (600 MW coal based and 500 MW gas based) and Hisar Thermal Power Project (500 MW gas based). In addition, Haryana will also get 704 MW power from government projects such as Koldam, Kahalgaon, North Karanpura and Harb Project of NTPC and various hydro projects taken up by NHPC in Jammu & Kashmir and Himachal Pradesh. The state has also entered into a long term Power Purchase Agreement (PPA) with North Eastern Electric Power Corporation (NEEPCO) for obtaining power from Tripura Gas Project and Kameng Hydro-electric Project in Arunachal Pradesh. It is also negotiating power on long term basis from projects like Dhamwari Sunda Hydro-electric Project, Baspa Stage-II, Karcvham Wangtoo, among others.
Footwear & leather garments park
A footwear 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 projects under the Government of India scheme of Industrial Infrastructure Upgradation:

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

In addition, the State Government also aims for the upgradation of other clusters; such as scientific instruments, metal industries, agricultural implements, pharmaceuticals, agri chemical and industrial chemicals.

Free Enterprise Zones
The State Government will identify Free Enterprise Zones (FEZs) to promote industry, which will help in development of semi-urban areas in the economically backward regions of the state. The State Government will notify the framework for development and operation of Free Enterprise Zones.

Industrial Model Townships (IMTs)
HSIDC has developed an IMT at Manesar. This has been a successful venture and welcomed by the existing industries. It is proposed to replicate the development and establish two IMTs during the next five years at suitable locations in the state, each comprising of an initial area of 2,000 acres approximately.

These townships will include campuses for large industries, Information and Communications Technology (ICT) parks, industrial plots, flatted factories, residential colonies, labour housing, commercial and institutional areas, entertainment
zones, educational and healthcare facilities etc. The development will be of international standards 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 for setting up SEZs is proposed to be formulated by the Government to facilitate public and private sector investment, exclusively or in partnership. 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 3,000 acres at Garhi Harsru in 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 and sector specific SEZs are also to be encouraged wherever potential exists.

**Special Economic Zones: Key Advantages**
- 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 the state. 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 export of fresh fruits and vegetables 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 sectors. 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 developed 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.

The industrial areas around Gurgaon house most of the automobile and auto component manufacturers in the state. Gurgaon also has a number of garment export units. During the last 3-4 years, Gurgaon has emerged as an important location for the Information Technology (IT) and the Information Technology Enabled Services (ITES) industry in the state.
PTA Project having a capacity of 553,000 MTPA of PTA are scheduled to be commissioned in 2005.

In order to further accelerate the development of the textile industry, a project under ‘Textile Centres Infrastructure Development Scheme’ (TCIDS) of the Government of India, is to be set up at Panipat.

The other important districts are Karnal and Ambala. Karnal is the centre of agro-based and handloom industries. Ambala is well known for the hosiery industry. Other parts of the state, particularly the economic hub around KMP and Panchkula are to be developed as IT Corridors.

**Faridabad**

Faridabad is another prominent business and industrial centre, covering an area of 2,151 sq km. Adjacent to the southern part of Delhi, it is well connected to the National capital and Gurgaon through a road and rail network.

The main industries in Faridabad are light engineering goods, metal goods and automotive components. It complements the automobile industries located in Gurgaon. The 500 small and medium enterprises in Faridabad, mainly auto component manufacturers, are finalising plans to invest over US$ 30 million for technology improvement and capacity expansion.

**Panipat**

Indian Oil’s Panipat refinery is the most modern public sector refinery equipped with state-of-the-art technology. Panipat refinery today is on the springboard of growth with two projects, Panipat Refinery Expansion Project for doubling its capacity from 6 to 12 MMTPA and Integrated Paraxylene and...
The State Government proposed a new industrial policy in 2005, the highlights of which are mentioned in the subsequent section. The State Government recognises infrastructure as a key facilitator of economic development. The state proposes to adopt an integrated approach to develop industrial and supportive infrastructure. The Industrial Policy aims to encourage private sector participation in development of infrastructure.

**Industrial Policy**

The objectives of the Industrial Policy, 2005 are as follows:

- To re-establish industry as a key driver of economic growth
- To create wealth for the residents of the state and improve the quality of life
- To generate employment and entrepreneurial opportunities across all sectors of the economy
- To facilitate spatial dispersal of economic activities particularly in economically and socially backward regions of the state
- To ensure sustainable development through investment in key sectors of the economy

Keeping in view the importance of granting fast track clearances and approvals for the industrial projects, the State Government aims to introduce an Industrial Promotion Act and formulate rules to make it mandatory on the part of various departments and authorities to provide clearances within a fixed time frame.

**IT Policy**

The State Government aims to give special attention to the development of infrastructure to support development of the IT/ITES sectors. Apart from public sector investment, investment in the private sector and public-private partnerships are being encouraged in setting up technology parks and other supportive infrastructure and services.

In order to encourage investment in the IT, ITES, communications, biotechnology, genetics, robotics and other frontier technologies, the State Government has enlarged the scope of the scheme on IT parks. The Department of Information Technology is to be the nodal department to receive and process all proposals for setting up technology cities/parks.

**e-Governance**

The State Government is committed to provide good governance that ensures transparency, reduction in transaction costs, efficiency and citizen centric delivery of public services. With these objectives an e-Governance roadmap for implementation in a fixed time frame is to be prepared. Modernisation of administrative processes, electronic delivery of services, e-procurement, convergence of delivery points and citizen access to public information are to form part of this roadmap.

**Haryana Investment Promotion Board (HIPB)**

Haryana Investment Promotion Board under the Chairmanship of the Chief Minister is proposed to be constituted to attract domestic as well as foreign direct investment in the state. The main function of the Board will be as follows:

- To recommend customised package of incentives and concessions to prestigious projects having investment of US$ 6.4 million and above
- To undertake investment promotion activities for prospective investors in India and abroad
- To identify sectors in which foreign as well
as domestic investment is sought keeping in view the state priorities.

- To periodically review the implementation of FDI projects as well as mega project proposals
- Foreign Investment Promotion Board, Haryana, shall be subsumed in HIPB.

**Development of Small and Medium Enterprises (SMEs) sector**

The Government has set up an SMEs Renewal Fund for technology upgradation, creation of quality consciousness, promotion of branding and adoption of improved management practices. The State Government proposes to set up a Centre for Competitiveness to assist the small and medium scale enterprises to reap benefits of new technology, providing technology information services, consultancy & advisory services in agri-food processing and biotechnology sector. The State Government is encouraging the existing small scale industrial units to undertake modernisation and/or technology upgradation to meet the challenges of the WTO regime.

**Scheme of Incentives and Concessions**

In order to attract domestic as well as foreign direct investment and for dispersal of industry to backward areas, the state aims to provide following incentives to the new industrial units:

- Incentives for mega projects in backward areas
- Incentives for Small Scale Industries in backward areas
- Incentives for Exporting Oriented Units (EOUs)
- Incentives for food processing industries

The new scheme of incentives are applicable to units in commercial production after the commencement of this policy. However, export incentives shall be available to existing units as well. Special priority will be given for release of electric connection to mega projects, 100 per cent EOUs, IT industry and FDI projects.
BUSINESS OPPORTUNITIES

Key industries

The important industries in the state include automobiles and automotive components, readymade garments and industrial estate development.

Automobiles and Automotive Components

The state produces half of the passenger cars and two-wheelers in the country. Around 20 per cent of the workforce in the state is engaged in the automobiles industry. The major automobile centres in the state include Gurgaon and Faridabad.

The key competitive strength of the state in the automobiles and auto components industries is the presence of established manufacturers. The network of component suppliers and vendors is a critical consideration in deciding the location of any automobile unit. Prominent automobiles and automotive components players present in the state are Suzuki Motors (through Maruti Udyog), Honda Motors, Hero Group, Yamaha Group and Escorts.

Maruti Udyog is assessing the feasibility of setting up a greenfield manufacturing facility at Haryana, with a potential investment of US$ 400 million. Hero Honda Motors is planning to set up a third manufacturing unit for two-wheelers. A number of existing auto component suppliers are expanding capacities in their plants based in Haryana to meet the growing demand from automobile manufacturers as well as export markets.

Wheels India, a TVS Group company, is setting up a US$ 3.3 million facility with a capacity of 1.25 million wheels at Gurgaon. Production is expected to commence shortly and this will primarily cater to Maruti Udyog Ltd’s new facility.

Textiles and readymade garments

The state produces textiles and readymade garments worth US$ 1 billion annually. Almost one-third of this production is exported.

The key competitive strength of the state in the textiles and readymade garments sector is availability of raw materials (cotton and wool) and presence of a large number of garment manufacturing units. Gurgaon, Faridabad and Panipat have a large number of small and medium enterprises involved in textiles and garment manufacturing. The presence of a number of large and medium buying houses and sourcing agents (representing foreign buyers) at Delhi and Gurgaon is an added advantage.

Prominent garment exporters from Haryana include Orient Craft and Shahi Exports.

IT/ITES

The state is the third largest exporter of software services from the country. Gurgaon, on the outskirts of Delhi, is one of biggest locations for ITES facilities in India.

India currently exports software worth over US$ 12 billion. The state’s share in this segment is approximately US$ 1 billion. The Government has undertaken a number of initiatives to further promote the development of the IT/ITES sector in the state. The steps include setting up of engineering colleges and professional training institutes to create a well qualified labour force and special incentive schemes to IT companies such as working in three shifts.

Prominent IT players present in the state include GE Capital International Services, Wipro, Tata Consultancy Services and Flextronic Software Systems.
Exports

During 1998 and 2004, exports from the state more than tripled from US$ 815 million to over US$ 2.6 billion.

Investment

The state has attracted industrial investment worth over US$ 5.4 billion in sectors such as motor vehicles & transport equipment, textiles & readymade apparels and basic metals & fabricated metal products. These sectors represent more than 50 per cent of the existing industrial investment in the state.

The main components of the state’s exports include software services, basmati rice, readymade garments and handloom. Haryana is the largest exporter of basmati rice in the country.
Thrust sectors

The following sectors, after being analysed on the basis of their growth potential and long-term sustainability are the thrust industry sectors.

Agro-based and Food Processing Industry
The state is one of the largest producers of food grains (rice and wheat) in India. Haryana is also the largest exporter of basmati rice from the country.

Special incentives have been provided under the Industrial Policy, 2005 for the promotion of agro-based and food processing industries. Food testing laboratories are to be developed to facilitate production of quality food processed products. Steps are to be initiated to suitably amend the Haryana Agricultural Produce Marketing Act, to enable procurement of notified agricultural produce by food processing industry and cold chains directly from the farmers.

Foreign Direct Investment performance
During 1996-2003, the state attracted over US$ 720 million of foreign direct investment.

Based on the FDI approvals during 1991 and 2002, the key sectors attracting FDI in the state have been fuels, electrical equipment including software, transportation, paper & pulp including paper products and food processing industries.
Components are in the pipeline. The State Government proposes to establish a national automotive testing, research & development infrastructure project at Haryana, with assistance from the Government of India.

Handloom, Hosiery, Textile and Garments Manufacturing
An apparel park is to be developed within the Special Economic Zone at Gurgaon and one at Barhi under the ‘Apparel Park for Exports’ scheme of the Government of India. An international trade and convention centre is proposed to be set up at Panipat to promote handloom products.

An international trade centre is to be set up at Gurgaon for promotion of garments. These trade centres will have global market information data and design centre for handloom and garment industries.

Export Oriented Units (EOUs)
The Government endeavours to set up Inland Container Depots in the private or joint sector.
The infrastructure facilities in the existing Inland Container Depots are to be strengthened. Freight subsidy is proposed to be provided to exporters.

**Petrochemicals**

In view of the availability of requisite feed stock in close proximity, there is a proposal to develop an industrial park in and around Panipat for the development of downstream industries.

This petrochemical hub would be developed with all basic amenities like fully developed roads, drains, sewerage, street lights, electricity, common effluent treatment plant, fire fighting station, commercial and housing facilities including development of social infrastructure like schools, hospitals, parks etc.

The State Government in collaboration with the Central Government aims to set up a ‘Central Institute of Plastic and Engineering Technology’ to undertake R&D and create skilled manpower for the development of petrochemicals industry.

Special incentives and concessions are to be provided to the industrial units to attract investment into the hub.

**Property Development and Retailing**

Gurgaon is one of the fastest developing property and retailing markets in the country. Proximity to Delhi and presence of a large services economy has given rise to large-scale opportunities in the property development and retailing sectors.

Gurgaon is projected to develop over 1.4 million sq ft of commercial building space by the end of this year. Similar pace of activity is evident in the residential category. Gurgaon accounts for more than 70 per cent of the new commercial space coming up in the NCR.

Similarly, over a dozen shopping malls have been commissioned at Gurgaon in the recent past. In the coming years, this number is projected to increase significantly with over 2 million sq ft of retailing space being added annually. The prominent Indian company, DLF has invested US$ 67 million in developing 2.4 million sq ft of commercial space, to be commissioned over the next one year.

DLF, Dabur India and Delhi based Aashlok Hospital have entered into a joint venture to set up a 350 bed tertiary care hospital at Gurgaon with an initial investment of US$ 50 million. It is expected to commence operations by 2006.
PROFILE OF KEY PLAYERS IN HARYANA

Delphi Automotive Systems Pvt Ltd
Delphi Automotive Systems Pvt Ltd is a 100 per cent subsidiary of Delphi Automotive. The company has 4 manufacturing facilities in the country. The Haryana facility manufactures catalytic converters and evaporator canisters and is one of the largest operations of its kind in the country. The plant has obtained ISO 14001 certification. Delphi plans to invest over US$ 45 million in the country over the next few years.

DLF Universal Ltd
DLF Universal Ltd is a flagship company of the DLF Group, one of the largest real estate developers in the country. Its current ventures include building townships, malls and cinemas. Currently, the group is building one of the largest townships in Asia, the DLF City at Gurgaon, which comprises corporate centres, homes and condominiums, commercial centres, recreation and leisure centres.

GENPACT
GENPACT is the largest BPO company in the country. It provides employment to over 12,000 individuals in four different locations across the country. It has its largest facility presence at Gurgaon.

Hero Honda Motors Ltd (HHML)
Hero Honda Motors Ltd is the world’s largest two-wheeler company. It is a joint venture between Hero Group India and Honda Motor Company, Japan. In 2003-04, HHML sold over 2 million motorcycles, generating over US$ 1.3 billion in sales. HHML has two manufacturing plants in the state with an annual capacity of 2.2 million vehicles in the state. HHML is assessing the feasibility of setting up a third manufacturing plant.

Honda Motorcycle & Scooter India (HMSI)
Honda Motorcycle & Scooter India is a 100 per cent subsidiary of Honda Motor Company, Japan.
of communications software and BPO services. In 2003-04, its sales revenue stood at approximately US$ 80 million. FSS has its software development centre at Gurgaon, providing employment to over 2,000 individuals.

IBM India
IBM comprises two wholly-owned subsidiaries, IBM India and IBM Global services, contributing revenues of over US$ 350 million. IBM Global recently enhanced its presence in India by buying out the Gurgaon-based Daksh e-Services. IBM has signed a Memorandum of Understanding with the Government of Haryana focusing on the creation of skilled manpower, IT consulting, e-governance projects and the application & development of software in various other fields.
Johnson Matthey
Johnson Matthey is a US$ 7 billion UK-based multi-product company providing process catalyst and technology services to pharmaceuticals and other industries. Currently, the company has four facilities in the country with assets worth US$ 53 million. The company has an autocatalytic facility at Gurgaon which supplies products to Maruti Udyog Ltd. The company is targeting a growth rate of 10-15 per cent.

Maruti Udyog Ltd (MUL)
Maruti Udyog Ltd is the country’s largest car manufacturer with a market share of 50 per cent. Its manufacturing plant at Gurgaon has an installed capacity of 350,000 vehicles which can be stretched to 500,000 vehicles with modifications. The plant produces 50 variants of the 9 basic models.

Indian Oil Corporation (IOC)
Indian Oil Corporation is the country’s largest commercial enterprise. It recorded a sales turnover of US$ 29.8 billion and profits of over US$ 1,600 million in 2003.

The group owns 10 out of 18 refineries in the country with a current capacity of 52.8 MMTPA. In 2003-04, the company sold 48.6 million tonnes of petroleum products, including exports of 1.81 million tonnes.

The company has set up a US$ 1.3 billion refinery at Panipat with a capacity of 6 MMTPA. It is in the process of doubling the refining capacity at Panipat with an investment of US$ 748 million. It has also invested US$ 104 million for quality improvement at the refinery. IOC is also setting up a US$ 555 million captive power generation plant at Panipat with a capacity of 336 MW.

IOC has announced plans to set up a petrochemicals complex at Panipat, with an overall investment of approximately US$ 5.5 billion. The petrochemicals complex is expected to be commissioned by 2007.

Suzuki Motor Corporation is investing US$ 230 million for setting up a second manufacturing plant and a new facility for manufacturing diesel engines. The new manufacturing plant with a capacity of 250,000 units is scheduled to commence operation by 2007. The total investment involved in setting up the plant is US$ 140 million. This facility for diesel
2003-04, the company registered a turnover of US$ 52 million, a rise of 31 per cent over the previous year.

The company has planned capital expenditure of US$ 22 million over the next few years. It has also planned an investment of US$ 4.5 million to set up manufacturing facilities for electronic steering systems and another US$ 9 million to increase the capacity of its existing facilities.

Svedala is a US$ 2 billion Swedish capital goods major. The company has a US$ 4 million road construction equipment factory at Bawal. The group has invested in US$ 14 million in the transport equipment market. It is considering strategic alliances with existing heavy fabrication facilities in the country in order to diversify its portfolio.
Tata Consultancy Services (TCS)
Tata Consultancy Services, a part of the Tata Group, is India's largest IT services company. It offers services to Fortune 500 clients across 55 countries. The TCS Gurgaon centre commenced operations in 1995 and is a SEI-CMM Level 5 certified software development facility. It has more than 100 consultants working on domestic and overseas projects.

Wipro Infotech
Wipro is one of the largest IT firms in the country. It has revenues of US$ 1.35 billion and an impressive clientele including 138 Fortune 1000 and Global 500 companies. Wipro Infotech functions through a network of 22 offices, 170 service locations and 8 call centres. The call centre at Gurgaon has a capacity of 2,000 seats.

Yamaha Motors
Yamaha Motors is a 100 per cent subsidiary of Yamaha Motor Company Ltd, Japan. Yamaha has announced an investment of US$ 22 million in the country to improve quality and after sales support.

YKK India Pvt Ltd
YKK India Pvt Ltd, a subsidiary of YKK Japan, operates in over 50 countries with more than 200 factories. The factory located at Bawal produces a range of zippers and caters to the large domestic market for garments & footwear and also exporters.
# DOING BUSINESS IN HARYANA

## Obtaining approvals

An indicative list of approvals with timeframe for setting up business in Haryana

<table>
<thead>
<tr>
<th>Department</th>
<th>Timelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>Site/environment clearance: 60 days</td>
</tr>
<tr>
<td></td>
<td>No Objection Certificate to establish: 7 days</td>
</tr>
<tr>
<td></td>
<td>No Objection Certificate to operate: 21 days</td>
</tr>
<tr>
<td></td>
<td>Renewal of consent: 30 days</td>
</tr>
<tr>
<td>Industries</td>
<td>Letter of intent/industrial licence: 15 days</td>
</tr>
<tr>
<td></td>
<td>Permanent registration as SSI: 7 days</td>
</tr>
<tr>
<td></td>
<td>Grant benefit of sales tax concessions: 90 days</td>
</tr>
<tr>
<td>Incentives</td>
<td>Sanction at local level: 30 days</td>
</tr>
<tr>
<td></td>
<td>Sanction at Head Quarter/state level: 45 days</td>
</tr>
<tr>
<td>Medical and Health</td>
<td>Drug Licence: 30 days</td>
</tr>
<tr>
<td>Electricity</td>
<td>Loads up to 20 KW: 36 days</td>
</tr>
<tr>
<td></td>
<td>Loads up to 70 KW: 66 days</td>
</tr>
<tr>
<td></td>
<td>Loads above 250 KW: 90 days</td>
</tr>
<tr>
<td></td>
<td>Load above 1 MW: 105 days</td>
</tr>
<tr>
<td>Revenue</td>
<td>Allotment of Plot: 30 days</td>
</tr>
<tr>
<td></td>
<td>Change of Industrial Land: 30-60 days</td>
</tr>
<tr>
<td>HSIDC/HFC</td>
<td>Sanction of loan: 30-45 days</td>
</tr>
<tr>
<td></td>
<td>Allotment of plot in industrial areas: Off the shelf</td>
</tr>
</tbody>
</table>

Source: Government of Haryana, PwC research
Cost of setting up business

An indicative table on cost of setting up business in Haryana

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value (in US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial land (per sq mt)</td>
<td>28.7 - 67</td>
</tr>
<tr>
<td>Office space rent (per sq ft per month)</td>
<td>Gurgaon: 0.31 - 0.74</td>
</tr>
<tr>
<td>Residential rent (for a 2,000 sq ft house, per month)</td>
<td>287 - 478</td>
</tr>
<tr>
<td>5-star hotel room (per night)</td>
<td>80.4</td>
</tr>
<tr>
<td>Electricity (per kWh)</td>
<td>Commercial &amp; Industrial: 0.096</td>
</tr>
<tr>
<td>Water (per 1000 litres)</td>
<td>Commercial &amp; Industrial: 0.096</td>
</tr>
</tbody>
</table>

Source: PwC research

Note: Exchange rate used is INR 47 per US$
Contact for information

State Government Website
www.haryana.nic.in

Haryana State Industrial Development Corporation (HSIDC)

Haryana State Industrial Development Corporation is the nodal agency to promote large and medium industries and overall growth in the state. It is the first state level financial institution with ISO 9002 certification. Its primary functions are as follows:

- To identify and promote large scale industries
- To provide financial assistance in the form of long term loans, equity and capital
- To contribute to infrastructure development in the state
- To perform agency functions on behalf of the Government
- To provide merchant banking services

Haryana State Industrial Development Corporation
Plot No 13-14
Sector-6, Panchkula
Haryana
Tel +91 172 2590324, 2590475
Fax +91 172 2590352
Email hsidc@chd.nic.in
Web www.hsidc.nic.in/hfi.htm

Confederation of Indian Industry (CII)

Information on markets and opportunities for investment in Haryana can be obtained from Confederation of Indian Industry which works with the objective of creating a symbiotic interface between industry and government.

Confederation of Indian Industry, Northern Region Office
Block No 3, Dakshin Marg
Sector 31-A
Chandigarh 160 030
Tel +91 172 2602365 / 2605868 / 2607228
Fax +91 172 2606259
Email ciinr@ciionline.org
Web www.ciionline.org

Confederation of Indian Industry, State Office
Plot No 249-F
Udyog Vihar
Phase IV, Sector 18
Gurgaon 122 015
Tel +91 124 5014071
Fax +91 124 5014070
Email harish.kerpal@ciionline.org
DISCLAIMER

This publication has been prepared for the India Brand Equity Foundation ("IBEF").

All rights reserved. All copyright in this publication and related works is owned by IBEF. The same may not be reproduced, wholly or in part in any material form (including photocopying or storing it in any medium by electronic means and whether or not transiently or incidentally to some other use of this publication), modified or in any manner communicated to any third party except with the written approval of IBEF.

This publication is for information purposes only. While due care has been taken during the compilation of this publication to ensure that the information is accurate to the best of IBEF's knowledge and belief, the content is not to be construed in any manner whatsoever as a substitute for professional advice.

IBEF neither recommends nor endorses any specific products or services that may have been mentioned in this publication and nor does it assume any liability or responsibility for the outcome of decisions taken as a result of any reliance placed on this publication.

IBEF shall in no way, be liable for any direct or indirect damages that may arise due to any act or omission on the part of the user due to any reliance placed or guidance taken from any portion of this publication.
The India Brand Equity Foundation is a public-private partnership between the Ministry of Commerce & Industry, Government of India and the Confederation of Indian Industry. The Foundation's primary objective is to build positive economic perceptions of India globally.

India Brand Equity Foundation
c/o Confederation of Indian Industry
249-F Sector 18
Udyog Vihar Phase IV
Gurgaon 122015 Haryana
INDIA

Tel +91 124 501 4087, 4060 - 67 Fax +91 124 501 3873
Email ajay.khanna@ciionline.org
Web www.ibef.org