



Government of Haryana **INDUSTRIAL POLICY 2005**

Chapter I

Preamble:

Indian economy has indicated trends of strong growth and if sustained, the country is slated to move into an orbit of economic upsurge unwitnessed in the past. The Government of India has taken initiative to support private effort by further liberalizing EXIM and FDI regimes to enable growth in all sectors of the economy. Reforms in the Banking and Insurance sectors, strong commitment to Agriculture and Social sectors, focused investments in infrastructure and promotion of new technologies hold potential of sustaining growth.

In this backdrop of the national resolve to strive for a high economic growth rate and to spread its benefit across to all sections of the society, the present IP initiative intends to capture the buoyant mood and supplement the efforts of the Central Government. The areas sought to be addressed therefore have a synergy with the policy initiatives of the Central Government and the national priorities. As far as possible a seamless integration of State and National agenda will be the focus of the State Government.

The state proposes to reposition itself as the most preferred destination of economic activity by building on its natural advantages of location, strong agricultural base, law and order, well developed basic infrastructure, industry and commerce.

IP 1992 announced in tandem with the economic reforms brought out by the Central Government was an incentive centric approach to attract investment. IP 1997 adopted infrastructure led approach to industrial development. IP 1999 aimed at promoting industrial growth in the context of overall economic value addition with emphasis on infrastructure development through private initiative.

Indian economic upsurge has thrown open global opportunities for businesses to expand taking advantage of an enormous young workforce, potential of frontier technologies, national capabilities in assimilation of technological advancements, and outreach to a strong domestic market. IP 2005 seeks to capture these opportunities, leveraging the strengths of the State in agriculture and its established comparative advantages in manufacturing, for promotion of investment and taking industry to front ranks of global competition. This would be achieved through creation of an efficient, investor friendly environment and supported by coordinated development of infrastructure and sunrise areas. Benefits of a strong growth of economy are sought to be dispersed across the state and sectors.

Objectives:

The following key objectives shall be met through the industrial policy:

- To reestablish industry as a key driver of economic growth.
- To create wealth for the residents of the state and improve the quality of their 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 investments in key sectors of economy.

Strategic mission approach to implementation:

The State Government intends to realize the objectives of the policy by emphasizing a coordinated development strategy in mission mode approach. While the approach to implementation shall draw upon strengths of the State economy but fundamentals that impinge upon efficient, competitive functioning of enterprises shall be revisited. The strategy shall be:

- To develop economic hubs through infrastructural initiatives.
- To encourage public private partnership in infrastructure projects.
- To focus on economic activities enjoying comparative advantage in the state; in particular development of food processing industry, information communication technology, industry having competitive advantage, and to promote development of frontier technologies.
- To promote mega projects with economic spin off potential, particularly in backward regions.
- To adopt sector specific approach focusing on incentivising and infrastructural support for synergetic growth of key enterprises.
- To develop services sector especially in tourism, transport, education, health care services and financial services.
- To focus on development and support to the small and medium enterprise segment.
- To enhance export competitiveness and enable CAGR (Compounded Annual Growth Rate) of 20%.
- To create investor focused approach in administrative processes, bringing about efficiency, transparency and accountability using modern technological and management solutions.
- To strengthen grievance redressal mechanism.
- To adopt human resource development by establishing strategic linkages between industry and technical institutions to meet future manpower requirements.
- To continue with fiscal reforms and prudent public finance management to release resources for deployment in key public investment areas.

Chapter II

Infrastructure Development as driver of investment promotion:

General:

The State Government recognizes infrastructure as a key facilitator of economic development. The state would adopt an integrated approach to develop industrial & supportive infrastructure and will also encourage private participation in this sector.

In the Industrial Policy of 1999 an integrated approach to develop industrial infrastructure was adopted. However, private participation in Infrastructure Development could not be achieved in the absence of policy guidelines. The present policy will encourage private participation in development of infrastructure on Build and Transfer, Build Operate and Transfer and Build Own Operate and Maintain basis.

To facilitate coordinated development of infrastructure and participation of private sector including FDI, the Haryana State Industrial Development Corporation (HSIDC) will be the nodal agency for infrastructure development and would be converted into “Haryana State Industrial and Infrastructure Development Corporation” (HSIIDC).

Industrial Infrastructure:

Development of Industrial Estates:

HSIDC will continue to be the sole agency for the development of industrial areas/ estates in the state. The level of infrastructure in each industrial estate to be provided by the developing agency shall keep in view the requirements of industry. Private sector participation shall be encouraged in the developing industrial and related infrastructure.

As far as possible, HSIDC shall adopt a comprehensive approach to development and provide commercial, housing, labour colonies, social infrastructure, effluent disposal and solid waste management in all its industrial estates.

New Economic Hubs:

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 will strive to strengthen and develop new integrated townships along the expressway and other strategic locations in the State. A detailed exercise on spatial planning will be undertaken and development of economic hubs on the KMP artery shall be finalized in fixed time line.

Special Economic Zones:

To give boost to exports, Special Economic Zones (SEZ) will be encouraged by the State Government. A separate Act/policy on setting up SEZs will be formulated by the Government to facilitate public and private sector investment, exclusively or in partnership mode. FDI in SEZs will also be encouraged. The state policy shall clearly spell out the obligations; procedure and clearances required by developers and will be in tandem with the policy of the Central Government. HSIDC has already envisaged one such zone over an area of 3000 acres at Garhi Harsru, New Gurgaon. The State Government shall also promote public and private sector initiative for establishing SEZs on KMP artery, NH 10, NH 8 and NH 2. Industry specific and sector specific SEZs shall also be encouraged wherever potential exists.

Industrial Model Townships:

HSIDC has developed an industrial model township at Manesar on modern lines. This has been a very successful venture and has been welcomed by user industry. It is proposed to replicate the development and put up two IMTs during the next five years at suitable locations in the state each comprising of an initial area of about 2000 acres. These township shall draw upon the experience of IMT Manesar and shall include campuses for large industries, ICT parks, industrial plots, flatted factories, residential colonies, labour housing, commercial and institutional areas, entertainment zones, educational & health care facilities etc. The development will be of international standard with power, water supply, roads, sewerage, effluent disposal, storm water disposal, and solid waste management to enable enterprises to function in a pleasing environment.

Development of Mega Petrochemical Hub:

IOCL is implementing two mega projects at Panipat, utilizing captive feedstock from its refineries. One of the projects is for setting up of integrated Para-xylene/ Purified Terephthalic Acid (PX/PTA). The other project is for setting up of Naptha Cracker along with downstream polymer units.

In view of the availability of requisite feedstock in close proximity, there is a proposal to develop an "Industrial Park" in and around Panipat for the development of down stream 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 schooling, hospitals, parks etc.

State Government in collaboration with Central Government will set up a "Central Institute of Plastic and Engineering Technology" so as to undertake research and development and to create skilled manpower for the development of Petrochemical Industry.

Special incentives and concessions would be provided to the industrial units to attract investment in the hub. These will be notified separately.

Theme Parks:

In order to meet the requirement of specific industries particularly of thrust sectors, specialized industrial estates would be developed at strategic locations.

(a) Food Parks:

Food Processing Industry is a sunrise sector. The growth potential for this sector is enormous as the demand for processed food products is increasing in the domestic as well as in the overseas markets. The State Government shall promote this sector through public investment and by facilitating private investment in development of processing industry and supportive infrastructure. Private/ Public/Joint Sector initiative for development of cold chains, grading, transportation and post harvest storage facilities will be supported.

Government of India has planned to set up of six Mega Food Parks in India. The Central Government is also in the process of establishing a “National Institute for Food Technology, Entrepreneurship and Management” which will be first of its kind in India. Haryana being a leading State in agriculture would make strenuous efforts to get one such Mega Food Park and the National Institute for the Food Technology Management located in the State.

The State Government is also developing four food parks at Rai, Saha, Narwana and Dabwali for the promotion of agro based and food processing industries. Expeditious completion of these parks shall be ensured. The Government shall also strive to develop a state of art Food Processing Hub around Sampla in District Rohtak.

(b) Gems and Jewellery Park:

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

(c) Apparel Park:

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

(d) Foot wear and Leather Garments Park:

A foot wear and Leather Garments Park shall be set up at Karnal.

Free Enterprise Zones:

State Government will identify Free Enterprise Zones (FEZ) to promote industry without seeking the permission for change of land use. The setting up of these zones will help in

development of semi-urban areas in the economically backward regions of the state. The State Government shall notify the framework for development and operation of Free Enterprise Zones.

Chapter III

Supportive Infrastructure:

Power:

The State Government is committed to provide adequate and quality power to the industry. Today, Haryana's total available installed generation capacity is 4033.3 MW, which was just 343 MW at the time of its inception. The State Government has proposed to add over 3000 MW power generation capacity during 10th and 11th Five Year Plan. This includes Yamuna Nagar Thermal Project (600 MW coal based and 500 MW gas based) and gas based Hissar Thermal Power Project (500 MW). In addition Haryana would also get a share of 704 MW power from Central Sector projects Koldam, Kahalgaon, North Karanpura and Harb Project of NTPC and various Hydro Projects taken up by NHPC in J&K and Himachal, which would be commissioned during 10th and 11th Plan. Haryana has also entered in to long term PPA with NEEPCO for getting power from Tripura Gas Project and Kameng Hydro-electric Project in Arunachal Pradesh. Haryana is also negotiating power on long terms basis from projects like, Dhamwari Sunda Hydro-Electric Project (HP), Baspa Stage-II, Karcvham Wangtoo (100 MW) and other projects coming up in the Region.

Special efforts have been made to increase the Plant Load Factor (PLF) for the existing power station by way of taking up measures on renovation and modernization as well as adopting good maintenance practices to improve generation and efficiency. A massive investment is being made towards rehabilitation and expansion of the power transmission and distribution system.

Various provisions in the Electricity Act 2003 on free generation, open access and third party sale of electricity, regulations by regulatory authority would also further boost the power sector in the State in the near future.

Private Sector Participation in Power Sector:

The state Government shall facilitate private sector investment in generation, transmission and distribution of power. Efforts will be made to set up dedicated power generation and distribution exclusively for IMTs, SEZs and large industrial areas in private or joint sector to provide uninterrupted and quality power.

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

Transport:

The State Government would give top priority to surface transport and connectivity with Inland Container Depots and Express Highways. The State has already conceived one mega project for the construction of Kundli–Manesar-Palwal Expressway. The other projects in the pipeline are Badarpur fly-over between Delhi and Faridabad, the Panipat flyover, Elevated highways between Gurgaon-Delhi, and Bahadurgarh-Delhi. The State Government has a massive programme for upgradation of roads, construction of ROBs on BOT basis including four lane ROBs.

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

Natural Gas Distribution:

The demand for Natural Gas being eco-friendly and energy efficient is likely to grow given the inherent advantages of the fuel. Realising the importance of Gas as source of energy, the State Government as a matter of policy is encouraging pipelining and distribution of CNG/PNG in the Transport and Domestic Sector. Efforts are being made to spread the use of natural gas in the industrial, commercial and power sector. Investment by public and private sector in the gas distribution shall be encouraged and facilitated.

Social Infrastructure:

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

Haryana has been a leader in development of tourism. It is proposed to develop destination tourism and entertainment parks.

Trade exhibition and convention centres:

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

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

Chapter IV

Role of the State:

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 fixed time frame will be prepared. Modernisation of administrative processes, electronic delivery of services, e-procurement, convergence of delivery points, and citizen access to public information shall form part of this roadmap.

To simplify and make delivery of services efficient and citizen centric, the following reengineering in the interface with industry shall be effected.

Institutional Mechanism

Haryana Investment Promotion Board

Haryana Investment Promotion Board (HIPB) under the Chairmanship of Chief Minister will be constituted to attract domestic as well as foreign direct investment in the State. The main function of the Board shall be as follows:

1. To recommend customized package of incentives and concessions to prestigious projects having investment of Rs.30 crores and above.
2. To undertake investment promotion activities by organizing contact programmes, publicity and road shows for prospective investors in India and abroad.
3. To identify sectors in which foreign as well as domestic investment is sought keeping in view the State priorities.
4. To review periodically the implementation of FDI projects as well as mega projects proposals.

Foreign Investment Promotion Board, Haryana shall be subsumed in HIPB.

Investment Promotion Centre

Investment Promotion Centre will be set up in Delhi and Chandigarh to act as a Single Point Contact Agency to provide information, guidance and hand holding services for venture location by prospective entrepreneurs particularly with regard to various sanctions/approvals needed for implementation of the projects, availability of land and present level of infrastructure in the State and to assist entrepreneurs in submission of applications for approvals/registration to different organizations. This Centre will have complete database on availability of land, water, power, finance etc. and norms, rules and regulations of all the institutions engaged in industrial development. This agency would showcase Haryana as an ultimate destination for investment.

Industrial Assistance Group will be converted into Investment Promotion Centre and will be further strengthened to take up the task of providing Single Window Services to the projects with an investment of Rs.5 crores and above. This centre will act as an

operational unit to High Powered Clearance Committee and State Level Clearance Committee.

Investment Advisory Council

Government shall constitute an Investment Advisory Council under the Chairmanship of Chief Minister to advise the State Government from time to time on the measures required to be taken to attract domestic as well as Foreign Direct Investment. Prominent Industrialist of the Country and the State would be associated with this Council.

Industry-Government Joint Task Force

The State Government would constitute a Joint Task Force under the Chairmanship of Chief Minister, Haryana with representatives of industrial associations and the Government officers to facilitate hassle free operation of industry. The Task Force will also consider and suggest amendment in the existing laws/procedures for smooth implementation of projects.

Steering Committee

A Steering Committee shall be constituted under the Chairmanship of the Chief Secretary to coordinate the activities of various departments connected with the Industrial Development in the State. The Committee shall also suggest policy initiatives and monitor implementation of the policy to achieve the objectives set forth in the policy.

Grievances Redressal Committee

State Government shall constitute a state level grievances redressal committee headed by Financial Commissioner Industries to handle grievances and to decide on the issues which create bottlenecks in the smooth process of industrialization. The committee will meet at least once in a quarter.

Chapter V

Facilitation through Simplification of Rules and Procedures:

One window facility for investors and time bound approvals and clearances mechanism:

Keeping in view the importance of granting fast track clearances and approvals for the industrial projects, the state government will bring out an Industrial Promotion Act and formulate Rules to make it mandatory on the parts of various departments and authorities to provide clearances within the fixed time frame. The proposed Act will provide constitution of District and State Level Clearance Committees. These committees would receive applications for all clearances for setting up of Industrial units, review and monitor the processing of applications and forward the order of the competent authorities to the applicant. These Committees will be final authorities for grant of approvals. The approvals given by the Committees shall be binding on all concerned departments. The proposed Act will empower the State Government to prescribe a Composite Application Form which all departments or authorities shall be mandated to accept. The Act will also empower the State Government to prescribe the time limits for processing and disposal of applications. The competent authorities will ask for additional information only once before the expiry of time period of disposal of such applications. The State Government will also notify the clearances in respect of which failure of the competent authority to pass final order on the application within the prescribed period shall result in deemed approval.

Self-Certification Scheme:

The State Government will introduce Self Certification Scheme in respect of Labour Laws to curtail un-necessary visit of inspectors and to streamline the inspection process under Labour Laws. The scheme shall be optional.

Self Certification shall be introduced in respect of inspection/testing of electrical installations

Out Sourcing of Authority:

In order to create investor friendly environment, outside agencies shall be authorized for grant of approvals.

Approval of Building Plans:

Authority to approve building plans will be conferred upon architects registered under the Architects Act, 1972, who could certify the building plans as being in conformity with applicable building bylaws.

Certification under Indian Boilers Act, 1923:

The State Government will authorize selected engineers called Chartered Engineers possessing requisite qualifications to perform the duty of inspector under section 7 and 8 of the Indian Boilers Act, 1923 with regard to registration, annual inspection and renewal of certificates only in respect of boilers and economiser. Procedure for their selection, qualification, terms of authorization, jurisdiction and service charges will be notified by the State Government separately.

Certification under Standards of Weights & Measures (Enforcement) Act, 1985:

The State Government will authorize selected engineers possessing requisite qualifications to perform the duty of inspector under the Standards of Weights & measures (Enforcement) Act, 1985 with regard to verification and stamping of Weights & Measures. Procedure for their selection, qualification, terms of authorization, jurisdictions and service charges will be notified by the State Government separately.

Facilitation under pollution control regulations:

1. There will be no requirement of sampling in case of Green Categories of industries except for DG set of more than 62.5 KVA.
2. The application form for NOC/consent under water/air pollution acts will be simplified to facilitate electronic filing and transmission through industrial portal.
3. SSI definition of Government of India would apply for grant of exemption from consent mechanism.
4. The type of industry which does not fall in any of the three identified categories of polluting industries would not be required to obtain NOC/Consent under Water Act in case the unit is set up in the industrial estates developed by HSIDC/HUDA/Industries Department.
5. In case of orange categories of industries i.e. polluting industry under 19 categories plus 6 additional polluting categories, there is requirement of either certificate of self monitoring or test report from recognised laboratory of own choice.

Chapter VI

Development of SME sector:

Enhancing Competitiveness of Existing Small Scale Industries:

In order to improve the performance of Small & Medium Enterprises and to enable them to compete globally, Government has set up SMEs Renewal Fund for Technology Upgradation, Creation of Quality Consciousness, Promotion of Branding for Improved Marketing, Adoption of Improved Management Practices and Capacity Building. **It is proposed to continue the scheme.**

Centre for Competitiveness:

State Government will set up Centre for Competitiveness to assist the small & medium scale industry to reap benefits of new technology, providing technology information services, consultancy and advisory services in agri-food processing and bio-technology sector. The Centre would undertake sectoral studies with the help of specialized organizations so that the industry in the region can regain its competitive edge. The centre will be funded from SME Renewal Fund.

Modernization and Technology Upgradation:

State Government will encourage the existing Small Scale Industrial units to undertake modernization and /or technology upgradation to meet the challenges of WTO regime. Details of the scheme covering its scope, eligible institutions, definition of technology upgradation, items eligible for the incentive and procedure for sanction and disbursement of the incentive has been formulated by Small & Medium Enterprises Renewal Fund Society of Haryana.

Quality Upgradation Scheme:

State Government will continue to extend its current scheme of quality upgradation. The scheme allows reimbursement of expenses incurred on acquiring equipments required for testing, R&D connected with quality upgradation, acquisition of quality marks, and consultancy fees required to be paid to recognized R&D institutions/firms. This assistance is also extended for obtaining ISO 9000 and ISO 14000.

Patent Registration:

Small & Medium Enterprises Renewal Fund Society Haryana will continue to provide assistance to small & medium enterprises for patent registration under the current scheme. The scope of this scheme will be broadened by including universities, educational institutions and the private R&D Institutes in the State for assistance to the extent of 50% of the expenditure incurred for obtaining a patent for their product subject to a maximum of Rs.5 lacs.

Cluster Development:

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

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

Simultaneously, the State Government would take up with the Government of India for upgradation of following clusters under this Scheme:

- Scientific Instruments Cluster, Ambala
- Metal Industries Cluster, Jagadhri
- Agricultural Implements Cluster, Karnal
- Pharmaceutical cluster at Sonapat
- Agri Chemical and Industrial Chemical cluster at Bahadurgarh

Textile Centres Infrastructure Development Scheme:

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

Flatted Factories for SSIs:

Provisions of flatted factories to accommodate small & tiny units shall be made in the existing as well as new industrial estates. This will check the growth of industry in non-conforming areas and will also facilitate the industry to reduce the lead time in setting up of the project besides huge investment on land and building. These flatted factories will be provided on lease/rent or hire-purchase basis by the developing agency. Private developers shall also be encouraged to set up flatted factories.

Market Development and Promotion:

In the era of global competition, product promotion and exports have assumed great importance for competitiveness of enterprises. Participation in trade fairs and exhibition abroad is an expensive proposition for small scale industry. State Government would adopt multi pronged approach to tackle this issue.

Marketing under a Common Brand Name:

Funds from Small & Medium Enterprises Renewal Fund Society, Haryana would be utilized for promoting and marketing products manufactured by clusters under a common brand name. This will be a continue assistance to promote the brand/market the product. The society will formulate guidelines in consultation with industrial associations for this purpose.

Participation in National/International Trade Fairs:

Small & Medium Enterprises Renewal Fund Society of Haryana will book space in prominent products-specific international trade fairs and offer space to small scale industrial units of Haryana at concessional rentals. This will help SMEs approach international buyers and get exposure to the developments in their respective fields in other States as well as countries.

Rural Industrialization:

Rural Industrialization would be given significant importance to diversify economic activity in rural areas, to reduce pressure on land and to meet the challenge of unemployment and underemployment. Khadi & Village Industries Board (KVIB) and NGOs would be effectively involved in this task.

Mukhya Mantri Gramin Rojgar Yojana will be introduced to boost industrialization in the rural areas. Under the scheme special incentives and concessions would be provided to tiny industrial units and units in the traditional sectors.

KHADI & VILLAGE INDUSTRIES:

The State Government recognises the importance of Khadi & village industries in promoting self employment to rural artisans, rural women and other weaker section of society. Due attention will be given in the areas of technology upgradation, training, design and development and marketing. Efforts would be made to adopt cluster approach so that common services such as design and development assistance, raw material etc. could be effectively provided. The activities of Khadi & Village Industries Board would be suitably strengthened.

Development of Services Sector:

The state has witnessed tremendous growth in the services sector, which has grown in its share from 31.3% to 42.6% 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 shall take steps for the coordinated 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 services sector.

To promote tourism, hotels which are three star and above, amusement/recreation parks, golf courses, multiplexes set up in backward areas, projects on adventure and destination tourism and ethnic markets shall be treated as industry for the purpose of concessions and incentives. The Department of Tourism in consultation with the Department of Industry shall notify the norms of eligibility for the purpose of concessions/incentives.

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

Retail chains set up, as part of cold chain for marketing of food products shall also be eligible for incentives.

Banking and insurance facilities shall be allowed in industrial areas for providing support to the user industry.

Chapter VII

Thrust Areas:

The following sectors, which have been identified after analysing their growth potential and long term sustainability would continue to be the thrust areas.

1. Agro based and Food Processing Industry.
2. Electronics and Information & Communication Technology.
3. Automobiles & Automotive Components
4. Handloom, Hosiery, Textile and Garments Manufacturing.
5. Export Oriented Units.
6. Footwear, leather garments and accessories.

Agro based and Food Processing Industry:

Steps have been taken to establish infrastructure to promote this sector. Special incentives have also been provided in the policy for the promotion of Agro based and Food Processing Industry.

Food Testing Laboratories would be developed to facilitate production of quality food processed products.

Steps shall 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.

Electronics, Information & Communication Technology.

Government shall facilitate private sector investment in developing Special Economic Zone exclusively for Electronic and Information & Communication industry. Separate policy for facilitating the setting up of Technology Parks has been proposed. **A State Wide Area Network shall (ADHAR) shall be set up in public private partnership to provide high speed connectivity for delivery of services in public and private domain. This would also give a boost to the growth of IT/ITES and e-commerce.**

Facility for IT Education will be improved and the capacity of ongoing courses will be expanded.

Software industry will be permitted without locational restriction. IT software units employing less than 20 persons shall be permitted to come up in residential area.

Automobiles & Automotive Components:

IMT Manesar is fast coming up as a prominent cluster of automobiles and auto components. Maruti Udyog Ltd. is implementing expansion project at IMT Manesar. Other MNCs have also set up their units in this complex.

Growth Centre Bawal is another area where a number of projects for the manufacturing of auto components are in the pipe line.

The State Government shall make efforts for establishing National Automotive Testing, Research & Development Infrastructure Project in Haryana with assistance from Government of India.

Handloom, Hosiery, Textile and Garments Manufacturing:

One Apparel Park would be developed within Special Economic Zone Gurgaon and one at Barhi under the “Apparel Park for Exports” scheme of Govt. of India.

International Trade and conventional centre would be set up at Panipat to promote handloom products.

One International Trade Centre would be set up at Gurgaon for promotion of garments.

These Trade Centres would have global market information data and design centre for handloom and garments industry.

Export Oriented Units:

Government will endeavour to set up Inland Container Depot in private or joint sector. The Infrastructure facilities in the existing Inland Container Depot would be strengthened.

Freight Subsidy will be provided to exporters.

100% Export Oriented Units have been brought under Public Utility.

Promotion of Investment by NRIs/PIOs:

State Government will continue to provide the following special facilities to encourage investment by NRIs/PIOs

- Reservation in allotment of industrial plots.
- Hand holding Services for venture location.
- Single Contact Point Services and time bound clearances.
- Priority in allotment of residential plots.

Chapter VIII

Focus on Information Communication Technology and ITES:

The State Government shall continue to treat IT , ICT and ITES as a thrust area in recognition of its potential for employment, exports, wealth generation and spin off on the growth of services sector. Gurgaon has developed as the most preferred destination for North India. It shall be the endeavour of the State Government to preserve the pre-eminent place of Gurgaon by improving the infrastructure and continuously upgrading it to match international standards. Simultaneously, other parts of the state, particularly economic hub around KMP and Panchkula will be developed as IT Corridors.

The incentives applicable under IT policy 2000 shall continue to be available to unit in this sector as mentioned in Appendix I.

The State Government shall give special attention to the development of infrastructure to support development of this sector. Apart from public investment, investment in the private sector and public private partnership shall be encouraged in setting up Technology Parks and other supportive infrastructure and services.

Policy on setting up of Technology Parks and Technology Cities:

In order to encourage investment in the IT, ITES, Communications including mobile communications, biotechnology, genetics, robotics and other frontier technologies, the State Government has enlarged the scope of the scheme on IT Parks etc. A detailed policy giving the norms, procedure and competent authority for establishing Technology Parks in public/private/joint partnership is given at **Appendix II** to this policy. The Department of Information Technology shall be the nodal department to receive and process all proposals for setting up Technology Cities/Parks.

Chapter IX

Incubation and development of frontier technologies:

The State Government recognises the need to support initiatives in development and application of frontier technologies like Nano Technology, Development of new materials, Genetics, Biotechnology, Chip Manufacturing, Communications Technology, Mobile Computing, Robotics, Energy saving and development of new sources of energy etc.

To encourage start ups in these sunrise areas, HSIDC shall set up a venture capital fund in association with other institutions in public or private sector.

Handholding and facilitation services will be provided to such ventures by IPC and the Department of Science and Technology.

Space in industrial sheds and flatted factories built by HSIDC will be provided on concessional rates.

Research and Development:

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

Chapter X

Human Resource Development:

Development of Human Resources shall be given highest priority by the Government. The objective of the Government shall be to adopt strategies to enable its residents to take full advantage of tremendous employment and self-employment opportunities that will be unleashed through the implementation of various economic development policies. Efforts will therefore be made to reorient technical education being imparted in the state with the twin objectives of meeting the requirements of enterprises from local resources and to improve the skill sets of trained manpower to improve their earning capacity. To achieve these objectives, detailed scheme shall be chalked out incorporating role of industry in deciding curriculum and in management of ITIs, Polytechnics and Engineering Colleges.

Special curriculum shall be evolved to produce job oriented work force for availing opportunities in the services sector.

Entrepreneur Development Programmes shall be organised to help youth set up their own ventures.

The role of employment exchanges will be recast to meet the requirements of industry and in the services sector.

Chapter XI

Scheme of Incentives and Concessions:

Haryana today faces tough competition from the neighbouring states particularly Himachal Pradesh and Uttranchal on account tax holidays and other concessions offered to new industries under the Central Government schemes. In order to attract domestic as well as foreign direct investment and for dispersal of industry to backward areas, the state would provide following incentives to the new industrial units:

Incentives for Mega Projects in Backward Areas:

- i) Mega project with investment of Rs.100 crore and above or any project employing more than 500 persons irrespective of investment to be set up in the backward areas would be extended the facility of financial assistance to be quantified at, 50% of the tax paid on the sale of goods produced by such industrial units, under the Haryana Value Added Tax Act 2003 for a period of 7 years from the date of start of commercial production, as Interest Free Loan (IFL) repayable after a period of 5 years from the date of grant of IFL.
- ii) Exemption from LADT for a period of 5 years

Incentives for SSI in Backward Areas:

New SSI units in the backward areas would be extended the facility of financial assistance in the shape of Interest Free Loan to be quantified at, 50% of the tax paid on the sale of goods produced in such industrial units, under the Haryana Value Added Tax Act 2003 for a period of 5 years from the date of start of commercial production to be repayable after a period of 5 years.

Incentives for Exporting Units:

In order to boost the exports and enhance competitiveness of exporting units, subsidy up to 1% of the FOB value of exports subject to maximum of Rs.10.00 Lac per annum shall be given.

Incentives for Food Processing Industries:

- i) Food Processing Industries except wheat & rice will be considered as seasonal industry and exempted from payment of minimum demand charges for electricity during closer period of more than 3 months.
- ii) No market fee shall be levied on agriculture and horticulture produce used as raw material by Food Processing Industries with in the State except rice, wheat, mustard oil and cotton.
- iii) Interest Free Loan at the rate of 75% of the tax paid on the sale of goods produced in such industrial units shall be given under the Haryana Value Added Tax Act 2003 for a period of 5 years from the date of start of commercial production. This would be repayable after a period of 5 years.
- iv) Charges for Change of land use for food processing units shall be levied @ 50% of normal rates in state declared backward areas.

- v) Wines/liquors/Brandy etc. made from 100% fruits produce in the State will be exempted from the Excise Duty in backward areas.

Special priority shall be given for release of electric connection to mega projects, 100% EOUs, IT Industries and FDI projects.

Incentives and privileges already being enjoyed by units under previous policies shall continue as mentioned in Appendix I to this policy. The new scheme of incentives shall be applicable to units coming in commercial production after the commencement of this policy. However, Export incentives shall be available to existing units as well. Incentives and Concessions shall be available only to those units which do not fall in the negative list given in Appendix III. The list of State Declared Backward Areas is given in Appendix IV

Chapter XII

Estate Management & Reservation of Industrial Plots:

In the estates/ areas/ IMTs/SEZs developed by the state agencies and the Department of Industries, the following provisions shall be made:

- i) There shall be a 10% reservation of plots/sheds by the concerned Agency/ Department in each estate etc. for allotment to NRIs/PIOs and for units with 33% or more FDI in total investment.
The allotment of plots/sheds will be made on ongoing bases by a committee consisting of Director Industries, Managing Director HSIDC and Managing Director Haryana Financial Corporation.
- ii) The allotment of plots to projects having investment of more than Rs 30 crores shall be made on ongoing bases by committee headed by Principal Secretary Industries and consisting of Director Industries, Managing Director HSIDC and Managing Director Haryana Financial Corporation.
- iii) The applications in respect of all these categories shall be made to and processed by IPC.
- iv) The rate of plots and revision thereof shall be finalised by the committee mentioned in ii) above and approved by the State Government.

Subject to the above, procedures for management of estates, allotment, transfer, leasing, renting etc. of plots and other assets shall be made by the respective state agency and governed by its own policies. Facilitation and simplification of certain procedures applicable to units coming up in areas developed by state agencies is given at **Appendix V**.

Savings:

This policy replaces the Industrial and IT policies adopted in the years 1999 and 2000 respectively and the amendments carried therein in so far as they are in contradiction to this policy or extend any concessions or benefits not specifically allowed under this policy. Any other issue, which has not been specifically covered under this policy or requires any clarification shall be referred to the Government for decision/clarification and the decision of the Government thereon shall form part of the policy.

Appendix I

Incentives and Privileges Available under Industrial Policy 1999 and IT Policy 2000

- **Exemption from Electricity Duty**
Exemption from Electricity Duty to the new industrial units for a period of 5 years from the date of release of electric connection except those included in the negative list of industry.
- **Preferential allotment of land for IT Industry:**
Preferential treatment for allotment of land to the IT industries on an ongoing basis in all industrial areas developed by the State agencies.
- **Continuous- uninterrupted power supply for IT industry:**
Continuous and uninterrupted power supply for IT industries and shall be exempted from scheduled power cuts.
- **Floor Area Regulation (FAR)**
Relaxation in FAR/Maximum Height of the building permitted for IT units as per following:
 - a) Maximum permissible floor area ratio (in%).
General Industry – 125, IT Industry – 250
 - b) Maximum height of the industrial building (in meters): floor area ratio (in%):
General Industry -21, IT Industry-30, Cyber Park-60
- **Registrations and Stamp Duty:**
Rebate on registration and transfer of property charges and exemption from stamp duty on a tapering scale shall be given for sale/lease of built-up space to the IT Industry establishing facilities in private STPs/ Government STPs/IT Parks as under:
 - i) From 4.10.2002 to 31.12.2003 90% rebate
 - ii) From 1.01.2004 to 30.6.2005 75% rebate
 - iii) From 1.7.2005 to 31.12.2006 60% rebate
 - iv) From 1.1.2007 to 30.6.2008 45% rebate

The said exemption would be available for sale or lease of land in industry Estates developed by the State or the Public sector organizations where such sale or lease is established an Information technology industry.

The said exemptions would further be available to an organisation in private or public sector, which purchases land for setting up a Software technology park or an Information Technology Park or a Cyber city and for which the required approval has been obtained from the department of Town and Country Planning, Haryana with the condition that he will pass on this concession to the IT units, which purchase lands in the park/city so developed, for setting up of IT units, subject to necessary safe guards. The units which take land or built up space on lease purchase basis in such parks/city would also be entitled for this exemption. However this remission would be limited to the first transaction only.

- **Exemption from LADT:**
Local Area Development Tax (LADT) exempted for importers of goods of IT industry.
- **IT as priority sector for lending:**
IT Hardware (except those having electro plating heat treatment and painting processes)/Software/IT Enabled industry exempted from the purview of the Haryana Pollution Control Act, provided that where the number of workers in such industries exceed 300 and there exists no sewerage facilities, no exemption shall available.

Appendix II

Policy, Norms and Procedure for setting up Technology Parks and Technology Cities:

1. A Technology City will be a Green Field self-contained and self-sustainable integrated project with area not less than 1000 acres land to be developed in phases. To qualify for these projects a minimum of 250 acres land, to begin with, shall be required. The developer shall identify the area for development of the Technology City and submit the project report to Director, Information Technology, Government of Haryana. The project inter-alia shall contain the pre-feasibility report, phased development components of Technology / Cyber city and the milestones to be achieved.
2. The developer shall submit 10 copies of the project report to the Director of Information Technology, Government of Haryana. A Committee constituted by the Government in Information Technology Department will consider the project for approval in principle.
3. In case the proposed Technology/Cyber City falls within the Controlled Area declared by the Town and Country Planning Department or within the Urban Area, the Director / IT after approval in principle by the Committee, shall forward the proposal to Director, Town and Country Planning to take further action as per their policies of permitting change of land use and grant of licence.
4. In case the proposed site falls outside the Controlled Area declared by the Town & Country Planning Department and the Urban Area as defined in the Haryana Development & Regulation of Urban Areas Act, 1975, the project will be examined by the above said Committee. This Committee will work out the development and management procedures for such projects.
5. The proposals for Technology / Cyber City to be developed either by HUDA or by HSIDC, the premier development agencies of the State, need not be sent to the Director, Information Technology.
6. A Technology Park having minimum area requirement, **as laid down in the Annexure A**, can be either in the Estates developed by HSIDC or by HUDA or land purchased by the developers within a Town / City. In case the land is self-acquired by the developer, the procedure shall remain the same as laid down for the Technology city for seeking the approval / licence. In case the land falls outside controlled /urban area, procedure will be as given at 4. above. If the land is allotted either by HUDA or HSIDC, the sites will be governed as per the policies of these two development agencies of the State Government.

Campus Planning of Information Communication Technology/ITES Projects

Campus Planning shall be permitted for Technology City/ Technology parks in line with the industry requirements . The development proposed would be on project basis but shall have the following features:

1. Campus development can be carried out by individual Anchor units on land allotted by a state agency or on privately owned land having a minimum area of 10 acres. In case of privately owned land the campus shall be governed by land use/ development norms approved by the committee set up in Information Technology Department and having representatives of Town and Country Planning Department. Such proposals shall be submitted to Director, Information Technology as mentioned in the case of Technology City. The inter Departmental Committee shall scrutinize and approve such proposals. In case of land allotted by a state agency, the proposal shall be scrutinised and approved by the concerned agency.
2. If campus development is undertaken by a developer, on land allotted by a state agency, the developer shall have to bring an anchor unit to the satisfaction of the state agency. Such an anchor unit shall utilise at least 30% of the total constructed area of the campus area for its own unit as well as its vendors/subsidiaries/ancillaries. The concerned state agency shall scrutinise and approve such proposals.
For campus development by a developer on privately owned land, jointly or in collaboration, the procedure shall be the same as specified for individual anchor units subject to clearance from Town and Country Planning Department with licensing and payment of charges as applicable if the site falls in the jurisdiction of Town and Country Planning Department.
3. The developer and the anchor unit shall enjoy the freedom of renting and leasing, both land and building but such renting and leasing shall be permitted to units necessary for the functioning of anchor unit / units and for purposes defined for Technology City/Parks.
4. The restriction on access from a minimum 30 meters road shall apply.

Annexure A

Parameters and Simplification of Development/ Construction Procedures for Technology City/Park

A. Technology City/ Parks

The following types of units can come up in Technology City/Parks:

IT, ITES, Communications Technology, Bio-Technology, Robotics, Nano Technology, Chip Manufacturing, Mobile computing, Mobile communications, genetics, other frontier technologies, research and development facilities and services defined as ITES in notification Nos.

Area and Permissible Uses

1. Size of the Technology Park will be 10 acres or above with FAR 250.
2. 3-Tier Basement for parking and utilities not to be counted in FAR.
3. 4% commercial with 175% FAR, 2% for recreational purposes with FAR 150% and 10% for group housing of the project area with 175 FAR. The balance FAR of commercial, recreational and group housing to be used for the Technology related activities.

Project implementation period

The project implementation period for Technology Park would be 30% in two years, 50% in three years and 75% in five years. Further extension for another five years would be given provided that 50% of project area of Technology component excluding housing, commercial and recreation component has been implemented.

Concessions

1. EDC for manufacturing units in Technology Park, irrespective of FAR and without any distinction will be the same as charged for general industry.

Height of buildings

1. For Land mark building

Subject to the provisions of National Building Code and clearance by the relevant authority concerning civil aviation, structure stability, earthquake, Fire etc. a height upto 75 mtrs for one building only, excluding architectural features for improving skyline not exceeding 15 mtrs. and not approachable to common man i.e. other than maintenance technical staff, for a land mark building can be allowed in Technology Park.

2. For other buildings

Habitable building height (not including height of stair case, mumty, lift room and other architectural features as per provisions of National Building Code) upto 60 mtr. for Technology Parks will be permissible.

(These Parks must harness renewal energy source in consultation with HAREDA)

Self-Certification

1. The promoters of Technology Park may start the development works after receiving the zoning plan of the park certifying that development so carried shall be in accordance with the zoning regulations, building Rules and as per terms and conditions of allotment.
2. The building plans/service plans must be submitted and got approved from the Competent Authority before laying the roof of ground floor so that any rectification required could be complied with without endangering structural stability.

Validity of Sanctioned Plans

1. The validity of sanctioned building plans of Technology Park shall be for a period of 5 years notwithstanding any other provision in the Rules/Regulations.
2. All sanctionable constructions will not be compoundable offence.
3. DPC Certificate and occupation certificates to be self-certified by the allottee with the recommendations of the Architect or construction supervision/civil/structural Engineer.
4. Any variation if not sanctionable shall have to be compulsorily rectified to conform to norms otherwise self-certified DPC and Occupation Certificates shall be void ab-initio and resultantly the entire building shall be a compoundable offence at double the rates fixed by the Department of Town and Country Planning. Fixing of machinery and other attachments necessary for the industrial unit shall not be considered as the building occupied.
5. For every breach, if compoundable, the penalty will be double the rates fixed by Town and Country Planning Department for such offences.
6. In case the revalidation of building plans after five years is required without any changes in the earlier approved plan no scrutiny fee shall be charged. However, for any change in the building plans it shall be deemed as approval of the revised building plans with full scrutiny fee.

Parking norms

1. For Hardware Manufacturing Unit one car space after 75 sq. mtr. of built space.
2. For Software development/ITES one car space after 50 sq. mtr. of built area.
3. For Group Housing and Commercial site Parking norms as per Zoning Plans

Access Norms

All Technology Cities/ Parks shall derive access from a road not less than 30 meters wide.

Note: The regulating departments to suitably modify their Rules/Regulations/Policies accordingly.

Appendix III

Negative List

1. Stone Crushers.
2. Bricks except refractory bricks
3. Induction and ARC furnace with more than 0.6 MT capacity
4. Soft Drinks (aerated water)
5. Sugar
6. Sulphuric Acid
7. Copper smelter
8. Repacking of Goods including Medicines, Toiletries, Pesticides, Herbicides and Edible products.
9. Zinc Smelter recovery of Zinc metal from Zinc ash, Dross and Waster
10. Dyes and Dye intermediates
11. Cigars and Cigarettes of Tobacco and manufacture of Tobacco including other Tobacco products.,
12. Shoddy Yarn.
13. Crude Oil Refining.
14. Refining of used Oil.
15. Secondary processing of Iron and Steel manufacturing of CR sheets, Galvanized Sheets and Castings.
16. Manufacture of Ethyl Alcohol/Distillery/Fermentation/Brewery.

Appendix IV

State Declared Backward Areas

Sr.No	District	Block
1.	Ambala	1 Barara 2 Naraingarh 3 Shazadpur
2.	Bhiwani	4 Badhra 5 Bawani-Khera 6 Dadri-II 7 Loharu 8 Dadri-1 9 Tosham 10 Siwani 11 Kairu
3.	Faridabad	12 Hodal 13 Palwal 14 Hassanpur
4.	Fatehabad	15 Bhattu Kalan 16 Bhuna 17 Fatehabad 18 Rattia 19 Tohana
5.	Gurgaon	20 Pataudi 21 F.Nagar
6.	Hisar	22 Adampur 23 Agroha 24 Narnaund 25 Uklana 26 Barwala
7.	Jhajjar	27 Beri 28 Jhajjar 29 Matenheil 30 Sahlawas
8.	Jind	31 Alewa 32 Jind 33 Julana 34 Narwana 35 Pillukhera 36 Safidon 37 Uchana
9.	Kaithal	38 Kaithal 39 Ghula 40 Kalayat 41 Pundri 42 Rajound
10.	Karnal	43 Assandh 44 Indri

		45 Nissing
11.	Kurukshetra	46 Ladwa 47 Babain
12.	Mewat	48 Hathin 49 Taoru 50 Nuh 51 Nagina 52 Punhana 53 F.P.Jhirka
13.	M.Garh	54 Narnaul 55 Nangal Chaudhary 56 Ateli 57 M.Garh 58 Kanina
14.	Panchkula	59 Pinjore 60 Morni 61 Barwala 62 Raipur-Rani
15.	Panipat	63 Israna 64 Madlauda 65 Bapouli
16.	Rewari	66 Khol 67 Jatusana 68 Nahar
17.	Rohtak	69 Rohtak 70 Kalanaur 71 Lakhan Majra 72 Meham 73 Sampla
18.	Sirsa	74 Baragudha 75 Dabwali 76 Ellenabad 77 Nathusari Chopta 78 Odhan 79 Rania 80 Sirsa
19.	Sonepat	81 Kharkhoda 82 Gohana 83 Mundlana 84 Kathura
20.	Yamuna Nagar	85 Sadhaur 86 Chhachhrauli 87 Bilaspur 88 Mustafabad

Appendix V

Facilitation for units coming up in areas developed by state agencies

The following provisions shall be made by the state developing agencies to facilitate the setting up of units:

1. Self-certification would be applicable for all Industrial units with area of 450 sq.mt and above.
2. All sanctionable constructions will not be compoundable offence.
3. DPC Certificate and occupation certificates shall be self-certified by the allottee with the recommendations of the Architect or construction supervision/civil/structural Engineer.
4. Any variation if not sanctionable shall have to be compulsorily rectified to conform to norms otherwise self-certified DPC and Occupation Certificates shall be void ab-initio and resultantly the entire building shall be a compoundable offence at double the rates fixed by the Department of Town and Country Planning. Fixing of machinery and other attachments necessary for the industrial unit shall not be considered as the building occupied.
5. For every breach, if compoundable, the penalty will be double the rates fixed by Town and Country Planning Department for such offences.
6. In case the revalidation of building plans after five years is required without any changes in the earlier approved plan no scrutiny fee shall be charged. However, for any change in the building plans it shall be deemed as approval of the revised building plans with full scrutiny fee.

Note: The regulating departments to suitably modify their Rules/Regulations/Policies accordingly.