

# Role of Exports in the Economic Development of Haryana

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## ABSTRACT

Haryana has the fourth highest per capita income in India. Haryana has developed 105 industrial estates through its development agencies. Haryana State Industrial Development Corporation. Haryana Urban Development Authority and prime developers, develops the industrial estates in the slate. By the passage of time, the Gurgaon district has witnessed an extraordinary growth in all spheres of development particularly creating industrial environment. Therefore, it is considered one of the major towns of Haryana State that has been identified for industrial development. Haryana Government has formulated its own State Export Policy to provide best of the infrastructural facilities along with a number of incentives and concessions. Software Technology Parks of India (STPI) is a government agency in India, established in 1991 under the Ministry of Communications and Information Technology, that manages the Software Technology Park scheme. The government needs to focus on infrastructure and power in a big way. There is also a need to make the finance available at international rates to make us globally competitive. Government should exempt state and local levies except because VAT has already been implemented.

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## 1. Economy of Haryana

Haryana is situated deliberately close to Delhi and one third of its area falls within the National Capital Region. This region represents one of the biggest trade and consumption centers in the country. . Haryana has the fourth highest per capita income in India. Between 1994 and 2003, the economy of Haryana grew at an average rate of 6.5 per cent per annum. . With a Net Domestic Product of over US\$ 7 billion, Haryana's economy is the thirteenth largest in India.

Geographically one of the smallest states in India, covering an area of 1.37 per cent, Haryana enjoys a location advantage situated next to the National Capital Region, a prominent trade and consumption centre. This is reflected in the state's improving performance as measured by the Human Development Index, ranked fifth in the country. 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. To give boost to exports, Special Economic Zones (SEZs) and Export Oriented Units (EOUs) are being encouraged by the State Government.

### Industrial Aspect of the State

Haryana has developed 103 industrial estates in the region. Haryana State Industrial Development Corporation, Haryana Urban Development Authority and private industrial developers, develops the industrial estates in the state. HSIDC is to set up a venture capital fund in association with other institutions in public or private sector to persuade start-ups in sunrise areas like nano technology, genetics, biotechnology, communications technology etc.

The state government aims to support and facilitate establishment of research and development laboratories/facilities in the public, private and joint sector. To facilitate harmonized development of infrastructure and

partaking of private sector including FDI, the Haryana State Industrial Development Corporation 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" Efforts are to be made to invite FDI in the industrial sector. 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 repeat the development and put up two IMTs during the next five years.

By the passage of time, the Gurgaon district has witnessed an extraordinary growth in all spheres of development particularly creating industrial environment. Therefore, it is considered one of the major industrial towns of Haryana State that has been identified for industrial development. An annual turnover in the industrial sector in the district has crossed 46,000 crores with an investment of more than 10,000 crores. The employment generated in the industrial sector exceeds 200000 persons. There are 402 large and medium scale units with an investment of Rs. 9000 crores and around 8000 small-scale units with an investment of Rs. 890 crores. There are many important and prominent units involved in the manufacturing of Cars, Motors-Cycles, Automobile parts. Telecommunication equipments, electrical goods, software development, hardware, sports goods, rubber products, readymade garments. Light engineering goods, pharmaceuticals, terry towels, food items, air conditioners, shoes, pesticides, insecticides etc.

With the collaboration of Suzuki Motors of Japan with establishment of Maruti Udyog Limited in early eighties, a new era for rapid industrialization of Gurgaon started because of which Gurgaon came on the International map. The growth gained further momentum after establishment of Hero Honda, Honda Motors of Japan, Suzuki Motor Cycle and ancillarisation of these Automobile companies. The automobile

Industry of Gurgaon is manufacturing passenger cars, motor cycles, scooters and its components worth Rs. 28000 crores. The district alone accounted for nearly 71 per cent and Rs 30,608 crore out of total exports from Haryana worth Rs 43,031 crore in 2009-10.

Cluster based approach is being increasingly documented as a sustainable, cost effective and inclusive strategy to ensure industrialized competitiveness of the local industry and to support the development of ancillaries. The State Government has adopted this strategy for supporting the local industry. A number of theme parks have been set up at various locations viz. Food Parks at Saha & Rai, Footwear Park at Bahadurgarh, Textile Park at Barhi, Agricultural Implements Park at Karnal, Electronics Hardware Technology Park at Kundli and IT Parks at Panchkula, Rai & IMT Manesar.

The State has planned establishment of an International Cargo Airport along with provision of Aircraft Maintenance Hub in North India. The proposal has been taken up with the Ministry of Civil Aviation and the Airport Authority of India for taking the project further. Subject to viability, this project would open new areas of growth of foreign trade in the State, in particular in the areas located in close surrounding area of the proposed project.

## 2. Research Methodology

The prime objective of the present research paper is to study the contribution of exports in the economic development of Haryana. For the purpose, secondary data have been used and result is summarized in the form of conclusion at the end of the study.

## 3. Export Business of the State

Export business of the state is strengthening the economy of the state by attracting international money in from the last five years very well. Kundali-Sonepat Investment region caters to agro processing, leather, carpets, handloom and handicrafts while second region in Manesar-Bawal is fulfilling the demand of importers regarding biotechnology, pharma products and garments. Haryana has excellent export [ort potential of merchandise exports like handlooms, floor coverings, handicrafts, scientific instruments, food products and glassware, automobiles, auto components, garments and sport goods.

Haryana has many industrial clusters that are famous for their products all over the world like Ambala for scientific instruments, Karnal for agri implementation products and Panipat for handicraft and handloom products.

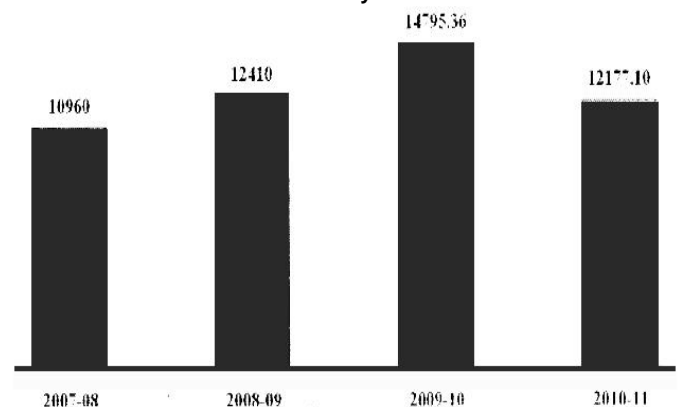
The state is a leading manufacturing hub, being home to Maruti Udyog Limited, India's largest passenger car manufacturer and Hero Honda Limited, the world's largest manufacturer of two-wheelers.

Export-Import policy of Government of India provides worthwhile incentives and concessions to encourage exports for maintaining healthy balance of trade and comfortable foreign exchange reserves. To supplement these efforts the Haryana Government has formulated its own State Export

Policy to provide best of the infrastructural facilities along with a number of incentives and concessions. Software Technology Parks of India (STPI) is a government agency in India, established in 1991 under the Ministry of Communications and Information Technology, that manages the Software Technology Park scheme.

It is an export oriented scheme for the development and export of computer software, including export of professional services. The STP Scheme provides various benefits to the registered units, which include 100% foreign equity, tax incentives, duty free import, duty free indigenous procurement, CST reimbursement, DTA entitlement, deemed export etc. Total exports made by STP units in Haryana envisaged significant increase in 2009-10 but in 2010-11, the figure recorded decrease in exports (Figure 1).

**Figure: 1 Total Exports Made by Software Technology Parks of India in Haryana**



Source: [http://en.wikipedia.org/w/index.php?title=Software\\_Technology\\_Parks\\_of\\_India&oldid=499423904](http://en.wikipedia.org/w/index.php?title=Software_Technology_Parks_of_India&oldid=499423904)

In March 2012, Haryana began its export of potatoes to Malaysia as Chief Minister Bhupinder Singh Hooda flagged off the first consignment of potatoes for Malaysia from Panchkula. Haryana State Agricultural Marketing Board (HSAMB) will export one-lakh metric tonnes of potatoes to Malaysia in the current year.

Haryana State Small Industries & Export Corporation Ltd., (HSSI&EC) is a Govt. Company. The Corporation is performing multifarious activities for the promotion of small-scale industries & rural industrial units in the State of Haryana. The Corporation is a recognised Export House and is doing special efforts to promote the export of the SSI units of the State by participating in global tenders.

The total exports from Haryana in the Information Technology (IT) and Information Technology-Enabled Services (ITES) sectors touched Rs 21,000 crore in 2008-09. The IT and ITES exports from the state, which were about Rs 10,700 crore in 2005-06, went up to the tune of Rs 14,000 in 2006-07 and reached Rs 18,500 crore in 2007-08, before touching this figure. Gurgaon has emerged as a preferred destination for the IT industry in the recent past. Numerous established companies like IBM, Microsoft, Genpact, Oracle, Dell, Samsung, Siemens, Fidelity, HCL, Wipro, TCS, Hughes, Silicon Graphics, Alcatel, Convergys, Google, Accenture,

Aricent, Hewitt, Polaris and Sapient etc have a number of units in the city.

A Nasscom-Mckinsey report has projected a growth of 11-12 per cent in IT and ITES exports from Haryana in the 2009-10. The Haryana State Co-operative Supply and Marketing Federation has the yearly export market of more than 10.5 lakh tonnes of wheat and rice amounting to Rs 600 crore.

To give boost to exports, Special Economic Zones (SEZs) and Export Oriented Units (EOUs) are being encouraged by the State Government. A separate Act/policy on setting up SEZs and EOUs is proposed to be formulated by the Government to facilitate public and private sector investment, exclusively or in partnership mode. Noida SEZ zone includes the Haryana state. Following table is showing the state-wise distribution of SEZs.

Table: 1 State-wise distribution of functional EOUs and their Export during the year 2007-08

Zone	States/ UTs	Functional EOUs as on 31/3/2008	Zone total Functional EOUs	Exports (Prov.) * In Rs. Crores	Export (Prov .) In US\$ Million	Zone wise Total Export In Rs. Cr.	Zone wise Total Export US \$ Million
Noida SEZ	Delhi	61	452	881.59	218.97	8768.4	2177.91
	Haryana	116	—	1588.00	394.43	—	—
	Uttar Pradesh	111	—	4197.59	42.60	—	—
	Punjab	27	—	579.05	143.83	—	—
	Rajasthan	121	—	1417.00	351.96	—	—
	Himachal Pradesh	6	—	45.61	11.33	—	—
	Jammu & Kashmir	3	—	29.98	7.45	—	—
	Chandigarh	3	—	7.76	1.93	—	—
	Uttrakhand	4	—	21.82	5.42	—	—

Source: Dev. Commissioner, All SEZs based on Quarterly Performance Report (QPR) filed by EOU.

Data in the Table 1 are showing that Haryana is on second number in the zone having 116 special economic zones that made exports of Rs. 1588 Crore.

Haryana has attracted 73 Foreign Direct Investment (FDI) projects worth about Rs 9,500 crore between April 2005 and December 2010.

#### 4. Conclusions

The analysis of the present study depicts that the export business of Haryana is strengthening the economy significantly. The government needs to focus on infrastructure and power in a big way. There is also a need to make the

finance available at international rates to make us globally competitive. Exporters should use the latest technology to increase production and improve the quality. Exporters should avail the benefits of liberalised policies of the central and state governments. Entrepreneurs in Haryana suffer from lack of investment in new technology, low quality products and latest product development that is essential to increase our overseas market share. Exporters in Haryana are suffering from various export levies that are a major hurdle in the way. Government should exempt state and local levies except because VAT has already been implemented.

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