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Policy of FDI Making Haryana a “happening Haryana”-an empirical study

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Abstract - CM Manohar Lal Khattar announced "Happening Haryana" conclave in 2016 to attract fdi .Fdi means " Foreign Direct Investment ".fdi plays an important role in development of an economy of a nation .This paper highlights the impact of fdi on Haryana state Economy has grown at a very impressive rate .Haryana as emerged as one of the most important state in country foreign direct investment and this has given a major boost to the country .Haryana has become the largest manufacturer in terms of number of tractor ,passenger cars ,scientific instruments and motor cycle in the country .Employment in Haryana has increased significantly due to fdi.

The purpose of the study is to analyses the trend of fdi equity inflows in different sectors in Haryana .The paper emphasis on the study of all the factors that attracting foreign direct investment in Haryana .The paper also helps to know the share of top investing countries(China ,Japan ,US ,Canada ,etc..) in Haryana .In order to obtain objectives of the study we used to secondary data of the period 2000 to 2014.The secondary data has been collected from various sources like journals, books, news-paper, websites and etc.. . The national capital region including parts of Uttar-Pradesh and Haryana received 45.77 billion dollars foreign direct investment during the period.

Having received initials indications from several companies to invest in Haryana .Haryana chief -minister is decades travel to the Us and Canada to attract foreign direct investment and has exuded confidence that his state would soon emerge as the ‘most favored destination’ in India.

Keywords: Haryana, Economy, foreign direct investment, sectors.

I. Introduction

FDI play an important role in economy development of a nation. Impact of FDI on Haryana economy has proved to be beneficial for the state’s economy. And it has grown at a very impressive rate. Haryana has emerged as at a very impressive rate. Haryana has emerged as one of the most important state in the country for foreign direct investment and this has given a major boost to the country. Haryana has become the largest manufacturer in the terms of number of tractor, passenger cars, scientific instruments and motor cycle in the country. Employment has increased significantly due to FDI.

FDI has increased in Haryana from last few years and this state has taken to attract invest. Nothing that there are ‘immense opportunities’ for business in Haryana The Haryana state has a strategic location and its proximity to New Delhi makes it an attractive FDI destination.

In this paper, we show the other factor that attracts the foreign direct investment in Haryana. The purpose of the study is to analyse the trend of FDI equity inflows in different sectors in Haryana. And this paper also helps to know the share of top investing foreign companies in Haryana and what the future plans for increasing FDI in Haryana

II. Methodology

The data for the research paper collected from secondary resources. All the data on FDI from the various secondary sources like journals books, newspapers and websites etc.

What is FDI

FDI is when a foreign investor buys share in a company in India that gives it the right to get involved in the management of the company. The controlling rights depend upon the amount of investment and its percentage of share. When a foreign investor simply buys the share of a company without any management control or involvement. It is called foreign institutional investment (FII)

FDI always the preferred form of investment as it commits the investor to the project and it is not easy to pull out your money at short notice, whereas, in the case of FII the money can be pulled out of the country at any time by simply selling the shares on the stock market.

III. Discussion

1. FDI equity inflows (month wise) during the financial year. 2014-15

FDI EQUITY INFLOWS (MONTH-WISE) DURING THE FINANCIAL YEAR 2014-15:		Amount of FDI Equity inflows	
Financial Year 2014-15 in India		(In US\$ mn)	
(April-March)	(In Rs. Crore)		
1.	April, 2014	10,290	1,705
2.	May, 2014	21,373	3,604
3.	June, 2014	11,508	1,927
4.	July, 2014	21,022	3,500
5.	August, 2014	7,783	1,278
6.	September, 2014	16,297	2,678
7.	October, 2014	16,288	2,655
8.	November, 2014	9,486	1,537
9.	December, 2014	13,562	2,161
10.	January, 2015	27,880	4,481
11.	February, 2015	20,397	3,288
12.	March, 2015	13,221	2,117
2014-15 (from April, 2014 to March, 2015) #		189,107	30,931
2013-14 (from April, 2013 to March, 2014) #		147,518	24,299
%age growth over last year		(+) 28 %	(+) 27 %

2. Share of top investing countries FDI equity inflows (financial year).

SHARE OF TOP INVESTING COUNTRIES FDI EQUITY INFLOWS (Financial years) in India:

SHARE OF TOP INVESTING COUNTRIES FDI EQUITY INFLOWS (Financial years) in India:

<i>Amount Rupees in crores (US\$ in million) Ranks</i>	<i>Country</i>	<i>2012-13 (April - March)</i>	<i>2013-14 (April - March)</i>	<i>2014-15 (April '14- March, 2015)</i>	<i>Cumulative Inflows (April '00 - March '15)</i>	<i>%age to total Inflows (in terms of US \$)</i>
1.	MAURITIUS	51,654 (9,497)	29,360 (4,859)	55,172 (9,030)	425,657 (87,555)	35 %
2.	SINGAPORE	12,594 (2,308)	35,625 (5,985)	41,350 (6,742)	167,157 (32,188)	13 %
3.	U.K.	5,797 (1,080)	20,426 (3,215)	8,769 (1,447)	109,654 (22,210)	9 %
4.	JAPAN	12,243 (2,237)	10,550 (1,718)	12,752 (2,084)	93,396 (18,352)	7 %
5.	NETHERLANDS	10,054 (1,856)	13,920 (2,270)	20,960 (3,436)	77,258 (14,671)	6 %
6.	U.S.A.	3,033 (557)	4,807 (806)	11,150 (1,824)	66,880 (13,751)	6 %
7.	CYPRUS	2,658 (490)	3,401 (557)	3,634 (598)	39,363 (8,044)	3 %
8.	GERMANY	4,684 (860)	6,093 (1,038)	6,904 (1,125)	38,509 (7,644)	3 %
9.	FRANCE	3,487 (646)	1,842 (305)	3,881 (635)	22,588 (4,513)	2 %
10.	UAE	987 (180)	1,562 (255)	2,251 (367)	15,120 (3,045)	1 %
	TOTAL FDI INFLOWS FROM ALL COUNTRIES	121,907 (22,423)	147,518 (24,299)	189,107 (30,931)	1,233,538 (248,633)	-

*

<i>Amount in Rs. crores (US\$ in million) Ranks</i>	<i>Sector</i>	<i>2012-13 (April - March)</i>	<i>2013-14 (April- March)</i>	<i>2014-15 (April '14- March, 2015)</i>	<i>Cumulative Inflows (April '00- March, 2015)</i>	<i>% age to total Inflows (In terms of US\$)</i>
1.	SERVICES SECTOR **	26,306 (4,833)	13,294 (2,225)	19,963 (3,253)	205,532 (42,713)	17 %
2.	CONSTRUCTION DEVELOPMENT: TOWNSHIPS, HOUSING, BUILT-UP INFRASTRUCTURE	7,248 (1,332)	7,508 (1,226)	4,582 (758)	113,140 (24,064)	10 %
3.	TELECOMMUNICATIONS (radio paging, cellular mobile, basic telephone services)	1,654 (304)	7,987 (1,307)	17,372 (2,895)	84,092 (17,058)	7 %
4.	COMPUTER SOFTWARE & HARDWARE	2,656 (486)	6,896 (1,126)	13,564 (2,200)	73,235 (15,017)	6 %
5.	DRUGS & PHARMACEUTICALS	6,011 (1,123)	7,191 (1,279)	9,211 (1,523)	65,282 (13,121)	5 %
6.	AUTOMOBILE INDUSTRY	8,384 (1,537)	9,027 (1,517)	15,794 (2,570)	63,991 (12,383)	5 %
7.	CHEMICALS (OTHER THAN FERTILIZERS)	1,596 (292)	4,738 (878)	4,077 (669)	49,310 (10,337)	4 %
8.	POWER	2,923 (536)	6,519 (1,066)	3,985 (657)	46,640 (9,557)	4 %
9.	METALLURGICAL INDUSTRIES	7,878 (1,466)	3,436 (568)	2,897 (472)	41,147 (8,547)	3 %
10.	TRADING	3,901 (718)	8,191 (1,343)	16,962 (2,761)	43,799 (8,060)	3 %

Factors attracting FDI in Haryana are-

1. The state provides excellent infrastructure facilities such as well developed roads, railways, Industrial.
2. The state provides a well developed system of banking.
3. The state has adopted policies that are investors friendly.
4. The state has a very efficient administrative system which tried to make it easy for the investors to make investment in the state.
5. The state provides abundant supply of skilled manpower.
6. The state provides residential and corporate Space.

Industries in Haryana attracting foreign direct investment are-

1. Information Technology.
2. Electrical goods.
3. Food processing industries.
4. Automobiles.
5. Readymade garments.
6. Light engineering.

7.

International companies having presence in Haryana are-

1. Siemens
2. Alcatel
3. Dura cell
4. Ge Capital
5. Silicon graphics
6. Motorola
7. Daewoo Telecom Ltd.
8. Hughes software system

Amount of FDI in Haryana-

From the year 2000 to 2013 the state wise breakup of FDI received is as follows-

Maharashtra including Dadra Nagar and Haveli, Daman and Diu received US \$62,144 million (33% share) Delhi and NCR US \$ 36,207 million (19% share) Karnataka US \$ 10561 million (6% share) Tamil Nadu and Pondicherry US \$ 10449 million (6% share) Gujarat US \$ 8612 million (5% share) Andhra Pradesh US \$ 7846 million (4% share) West Bengal US\$ 2236 million (1% share) Chandigarh including Haryana Punjab and Himachal Pradesh US \$ 1,188 million (1% share).

From the above it is amply clear that Haryana is getting a small share of the FDI if Delhi and NCR can get US\$ 36,207 there is no reason why Haryana with its close proximity to Delhi should not attract a much higher percentage of investment.

What can Haryana do to attract FDI-

Firstly Haryana must ensure a lower tax regime as compared to other state. It must identify other innovative ways of direct and indirect tax collection to make up the shortfall, besides, wish higher investment the revenue will increase proportionately; therefore the state government must be look at lowering taxes. Haryana must support implementation of GST at the Central level.

Haryana has ensure that land acquisition is transparent corruption free and fair for infrastructure the state will have to directly acquire or assist the investor in facilitating smooth acquisition of land. The Government must ensure that all compensation to the seller is made on time along with ensuring all relocation and rehabilitation of sellers is done to their satisfaction. This is absolutely essential, if Haryana wants to contract FDI to the state.

The state must re look at the education system and introduce English speaking at the school level. Besides this it must upgrade the technical training and education facilities for the youth. In addition, the state must offer subsidized land and give tax incentive for the private sector to invest in higher education and training.

Lastly the state has to step up investment in infrastructure like power, roads, rail island ports, logistic parks, industrial parks, integrated housing Colonies etc. These can be through PPP mode provided the right incentive to the investors, wish this measures in place, there is no reason why Haryana cannot attract a higher share of FDI.

FDI benefits to Haryana-

The immediate impact of FDI in Haryana is the creation of new job opportunities in the state if the state can provide good quality skilled manpower at all levels. The per capita income in the state can rise significantly, thereby improving the quality of life for its citizens.

FDI will indirectly catalyses further development of infrastructure in the state. With more revenue coming in the state will be allocate more resource for infrastructure development which in state will attract further investment FDI will also bring in new exposure to the latest technologies and processes both in manufacturing and service sector.

This will help upgrade the skill level of the local people, as also expose them to the latest development and processes.

New opportunities for Haryana in FDI-

Haryana Chief Minister Manohar Lal Khattar in decades to travel to the US and Canada to attract foreign direct investment. Khattar lead a high powered state delegation including Industry minister Capt. Abhimanyu to New York Connecticut Baltimore, Washington Dc, San Francisco, Vancouver and Toronto.

Having a packed schedule Khatter met representatives of the business communities in both countries senior, government officials and Indian Diasporas. Memorandums of understanding were signed during the trip and process has started for several others as a result of these meeting he said.

Have received, initial indications from several companies to invest in Haryana. This investment would help in creating large scale of jobs in his state.

These companies have only asked for a conducive business and investors environment in Haryana.

During the trip, Khattar announced to host a “Happening Haryana” conclave next year to which he said a large number of companies from both the Us and Canada have agreed to attend.

Investment project worth Rs. 3500 crore in Haryana were discussed and all almost finalized. The investment proposal facilitated by CII include an amount worth Rs. 1630 crore between the government and Abhijit mercantile a bio diesel from wheat and rice straw.

Moreover two proposals worth \$ 250 million and \$ 150 million were discussed with MJ Logistics and Kautilya Logistics respectively to set up logistics supply chain in Hissar, Palwal and Rewari.

The MSME sector will be primarily focused on achieving Haryana’s vision of creating 400000 jobs, CII said.

Haryana Chief Minister Manohar Lal Khatter has emerge as one of the ‘most favored destination’ in India.

IV. Conclusion

As you can see from the above last 10 years of Hooda government has done little to bring any kind of FDI investment into the state and therefore Haryana could not develop at the pace it should have.

With the new BJP government at the helm India has renewed hope for rapid development. The BJP has brought in a new idea at the Central level. It is now time for the BJP to do the same in Haryana. The people are ready to join hands to build a New Haryana. It is time to for a change in government.

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