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# Incentives for New Manufacturing Set Ups **Haryana**

Indian State Governments offer varied incentives under their respective state industrial development corporation policies to promote the set-up of new manufacturing units in the state. Such incentives are in the form of capital subsidies, interest subsidies, subsidized electricity tariffs, and more. The purpose of such incentive schemes is to attract investments thereby enabling infrastructure development, generating employment, developing focus sectors, and largely, facilitating the overall economic development of the state.

To enable the availability of a quick summary of such general incentives offered by various states, Nexdigm is releasing a series of documents focusing on providing a brief overview of such incentives offered by respective State Governments in India. This document covers information about incentives offered by Haryana under the '**Haryana Enterprises and Employment Policy, 2020**'.

## Key Statistics | HARYANA

**State FDI Inflows**  
**6<sup>th</sup> Rank**  
**\$6.9 bn**  
**(INR 552 bn)**

**Per Capita Income**  
**6<sup>th</sup> Rank**  
**\$3,181**  
**(INR 254,480)**

**GSDP, Current Price**  
**5<sup>th</sup> Rank**  
**\$120 bn**  
**(INR 9.6 tn)**

**State Population**  
**17<sup>th</sup> Rank**  
**30.3 mn**

October 2019 to September 2022

2021-22

2020-21

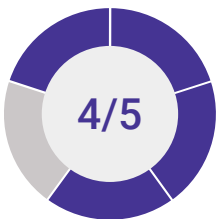
2022

## Policy Overview

To facilitate the vision of establishing Haryana as a competitive and favored investment destination, and focus on investment promotion, the government of Haryana has released '**Haryana Enterprises and Employment Policy, 2020**', valid from 1 January 2021 to 31 December 2025 for all industries.

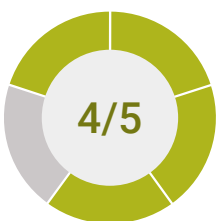
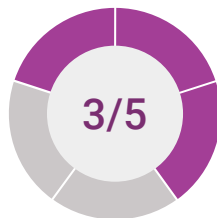
The policy aims to attract investment of ~USD 12.5 bn (~INR 1 trillion) by encouraging entrepreneurs to innovate and generate employment for ~.5 mn people in Haryana by enhancing manufacturing opportunities.

## Nexdigm Ratings and Observations



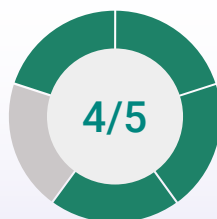
**Policy Structure**

**Incentive Range & Quantum**



**Investor Facilitation**

**Level Of Digitization**



- The new industrial policy is framed to attract manufacturers to set up their manufacturing units, especially in the developing districts of the state, and higher incentives shall be provided for investment in B, C, and D blocks (elaborated on next page).
- The policy places a special emphasis on the development of the MSME sector and its business growth. The state has framed several attractive incentive schemes for the MSME sector.
- State Goods and Services Tax (SGST) reimbursement is one of the major incentives provided under the scheme. Thus, companies with a target market or supply chain of customers within Haryana may be able to take most advantage of the SGST reimbursement incentive.
- The state offers attractive incentives to encourage rapid industrialization in '**Thrust**' sectors. Thrust sectors will be supported through enhanced fiscal support, infrastructure, and other strategic interventions for growth.
- Incentives are also applicable to focus service sectors such as IT & ITeS, Logistics, Retail and Warehousing, R&D, Healthcare, Education, and Tourism.

*Note: The information/data used for the ratings is subjective based on our assessment of the policy, the experience of Nexdigm professionals in dealing with State Authorities, digitization of select statutory requirements, etc.*

## Policy Highlights

### Industry Classification

Enterprises, for the purpose of the scheme, are classified under different categories based on the quantum of investment in plant and machinery, which have been tabulated briefly below:

Industry	Fixed Capital Investment (FCI) in Plant & Machinery
Micro	Investment in Plant & Machinery up to INR 10 mn and turnover up to INR 50 mn
Small	Investment in Plant & Machinery up to INR 100 mn and turnover up to INR 500 mn
Medium	Investment in Plant & Machinery up to INR 500 mn and turnover up to INR 2,500 mn
Large	Investment in Plant & Machinery greater than INR 500 mn and turnover greater than INR 2,500 mn
Mega	Investment in Plant & Machinery greater than INR 2,000 mn in B Block, INR 1,000 mn in C Block and INR 750 mn in D Block
Ultra-Mega	Investment in Plant & Machinery greater than INR 60,000 mn in A Block, INR 45,000 mn in B Block, INR 30,000 mn in C Block and INR 15,000 mn in D Block

### Region Classification

In order to ensure balanced regional growth, Haryana has been divided into four categories of blocks based on the level of industrialization, level of socio-economic development, and locational advantage. The classification is tabulated briefly below:

Block 'A'	Comprising of industrially developed areas, such as Faridabad, Gurugram, Panipat, Rewari, Sonapat, etc.
Block 'B'	Comprising of the areas of intermediate development such as Sohna, Karnal, Rohtak, etc.
Block 'C'	Comprising industrially-backward areas such as Fatehabad, Kurukshetra, etc.
Block 'D'	Comprising of most industrially-backward areas such as Bhiwani, Hisar, etc.

### Thrust Sectors

Every state encourages select sectors based on its competitive strength and advantage such as geographical location, available resources, raw material availability, existing manufacturing practices, and growth potential. Such sectors are known as thrust sectors and are accorded additional benefits in the incentive scheme.

Sectors identified under this policy are mentioned below:

- Auto, Auto Components & Light Engineering
- Agro-based, Food Processing & Allied Industries
- Textiles & Apparel
- Defence & Aerospace Manufacturing
- Pharmaceuticals & Medical Devices
- Chemicals & Petrochemicals
- Large Scale Energy & Data Storage
- Electronics Systems





## Major Incentives

Several incentives are provided to industries based on their investment thresholds and region of set-up in Haryana. The below table covers a range of incentives depending on the set-up region (Block B to Block D) provided to enterprises basis the classification of industries:

Incentive	MSME	Large	Mega	Thrust
Investment Subsidy in lieu of Net SGST	50-75% for the first 5-10 years; 25-35% for next 3 years subject to a cap of 100-150% of FCI	30-75% for the first 5-7 years; 15-35% for next 3 years subject to a cap of 100-125% of FCI	30-75% of net SGST for the first 5 years; 15-35% for next 3 years subject to a cap of 100-125% of FCI	50-100% for 7-10 years subject to a cap of 100-150% of FCI
Interest Subsidy on Term Loan	5-6% subject to a cap of INR 2 mn p.a. for 3-5 years	-	-	6-7% subject to a cap of INR 2 mn p.a. for 5-7 years (Only applicable to Micro & Small Enterprises)
Electricity Duty Exemption	100% for 7-12 years	100% for 5-10 years	100% for 5-10 years	100% for 10-20 years
Stamp Duty Reimbursement on Land Purchase	60-100%	60-100%	60-100%	80-100%
Power Tariff Subsidy	INR 2/unit up to a load of 30-40 kW (Applicable to Micro & Small Enterprises in 'C' and 'D' Block)	-	-	-

## Important Notes

- Industries setting up in 'A' Block are not eligible for any of the above incentives except for the Electronics System Design and Manufacturing (ESDM) sector, where 100% subsidy on Net SGST is provided for 5 years, subject to a cap of 100% of FCI
- Ultra-Mega Projects shall be offered a customized package of incentives by the Haryana Enterprise Promotion Board (HEPB) throughout the state on a case-to-case basis
- Mega Projects in 'B', 'C', and 'D' blocks having a potential of ancillarization or, Mega Projects in thrust sectors/helping in reducing carbon footprint/generating intensive employment in 'C' and 'D' Blocks shall be offered additional incentives on the basis of a Cost-Benefit Analysis



## Additional Key Incentives

Some other common incentives provided under the scheme are briefly listed below:

### Services Sector

Fiscal incentives such as 50% of Net SGST, 50-75% of Electricity Duty Exemption, and 30-50% of Refund of Stamp Duty shall be offered to identified service sectors.

### Support to Start-Ups

To promote start-ups in Haryana, financial assistance in the form of seed grant up to INR 1 mn, lease rental subsidy up to INR 0.5 mn, interest subsidy up to 8% for 5 years, and 100% Net SGST reimbursement for 7 years shall be provided.

### Employment Generation Assistance

Subsidy up to INR 48,000 per year up to 7-10 years, subject to terms and conditions for employing persons belonging to Haryana.

### EDC Charges

60-100% exemption on External Development Charges (EDC)

### For MSMEs

- **Testing Equipment Subsidy:** 50% as subsidy or a maximum of INR 2 mn per year
- **Technology Acquisition:** 75% of cost for acquiring technology, up to a cap of INR 5 mn
- **Patent Registration Cost:** 100% of the actual expenses with a cap of INR 2.5 mn
- **ETP Set-up Subsidy:** Reimbursement of 50% of the ETP set-up cost, up to a cap of INR 5 mn
- **Other Incentives:** Incentives in the form of reimbursement or exemptions for Quality Certification, Market Development Assistance, Environment Compliance, Safety Compliance and Technology Upgradation subsidy, etc.

## Other Key Policies

### Haryana Electric Vehicle Policy

The policy aims at providing subsidies and incentives to the industries manufacturing electric vehicles and promoting electric mobility in Haryana.

### Haryana Aatmanirbhar Textile Policy 2022

With an intent to attract investments and generate large-scale employment opportunities across the textile value chain and promote the sunrise textile sectors, the state offers incentives to new as well as existing textile units.

### Haryana Enterprises and Employment Policy 2020

This policy places a special emphasis on the development of the MSME sector and its business growth.

### Haryana State Data Center Policy 2022

The policy provides fiscal benefits/subsidies and support to companies operating data centers.

### Haryana Gramin Udyogik Vikas Yojna

To promote rural industries, this scheme has been introduced for micro enterprises setting up in rural areas. Incentives such as capital subsidy @15% up to INR 2.5 mn, interest subsidy @7% for 7 years, DG set subsidy, etc. are available.

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Sources:

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# About Nexdigm

Nexdigm is an employee-owned, privately held, independent global organization that helps companies across geographies meet the needs of a dynamic business environment. Our focus on problem-solving, supported by our multifunctional expertise enables us to provide customized solutions for our clients.

We provide integrated, digitally driven solutions encompassing Business and Professional Services, that help companies navigate challenges across all stages of their life-cycle. Through our direct operations in the USA, Poland, UAE, and India, we serve a diverse range of clients, spanning multinationals, listed companies, privately-owned companies, and family-owned businesses from over 50 countries.

Our multidisciplinary teams serve a wide range of industries, with a specific focus on healthcare, food processing, and banking and financial services. Over the last decade, we have built and leveraged capabilities across key global markets to provide transnational support to numerous clients.

From inception, our founders have propagated a culture that values professional standards and personalized service. An emphasis on collaboration and ethical conduct drives us to serve our clients with integrity while delivering high quality, innovative results. We act as partners to our clients, and take a proactive stance in understanding their needs and constraints, to provide integrated solutions. Quality at Nexdigm is of utmost importance, and we are ISO/ISE 27001 certified for information security and ISO 9001 certified for quality management.

We have been recognized over the years by global organizations, like the International Accounting Bulletin and Euro Money Publications.

**Nexdigm** resonates with our plunge into a new paradigm of business; it is our commitment to **Think Next**.

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