

Haryana Retail Policy-2017

Government of Haryana Department of Industries & Commerce

1.0 Preamble:

The retail sector in India has emerged as one of the most dynamic and fast-paced segment of the economy. The sector today accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of total employment.

With a population of over 1.3 billion, India today is one of the biggest market for national and international retail players. With recent relaxation of norms such as permitting 100% FDI in Single Brand retail, 100% FDI in multi brand processed food retail (provided such products are produced in India), 100% FDI for online market place and allowing 51% FDI in multi-brand retail together with improved environment for retail in country, the overall retail market in India is expected to register growth at 12 per cent per annum.

Haryana with its large consumer base, increasing per capita income and rapid urbanization has enormous potential to become one of the leading destinations for retail trade in the country. Further the State is well connected by road, rail and airways. It has access to 2 international airports at Chandigarh and New Delhi. The entire State falls in the influence zone of 2 major industrial corridors i.e. DMIC & AKIC. In addition, 13 districts of State are part of National Capital Region, which is one of the prominent trade and consumption center in India. Taking a lead in providing world class ecosystem for investors and companies, Haryana has simplified the regulatory environment considerably thereby improving the Ease of Doing Business in the State. Considering the huge potential for retail in the State along with the objective of developing Haryana as a major hub for retail industry in the country, a policy specifically for this sector is being formulated for the first time in the State. This policy aims to provide strategic direction for development of the retail sector in Haryana in the coming years.

2.0 Vision, Mission and Objectives of the Policy

Vision:

To promote and facilitate world class logistics infrastructure thereby maximizing returns for retailers and providing the best experience to the ultimate consumer thus making Haryana one of the preferred destination for retail trade in India

Mission:

- a) To strengthen the retail supply chain by promoting setting up of warehouses and distribution centers
- b) To promote skill development and generate large scale employment opportunities for the youth especially in rural areas
- c) To Identify and address existing issues affecting retail trade in Haryana
- d) To strengthen existing small retailers to face globalization

Objectives:

- a) To attract investment to the tune of INR 10,000 crore and generate new employment of 150,000 in retail sector by 2022
- b) To increase the contribution of retail sector in State GDP by 25% by 2022
- c) To develop world class Mega Distribution Centres/Warehouses and Mega Retail Hubs in the State during the policy period.

3.0 Operative period of the Policy:

This policy will come into effect on the date of its notification in the Government of Haryana official gazette and will be valid for 5 years from date of notification till it is amended or superseded by the Government

4.0 Definitions:**Retail Enterprise:**

The enterprises engaged in retailing of goods and services fall into various categories which include food and grocery, apparel, footwear, consumer durables, home appliances and equipment, restaurants, cinema halls, multiplexes, home furnishing and furniture, jewellery, books, music, watches, pharmaceuticals, beauty and healthcare. These enterprises sell various type of items & services and use multiple channels including brick and mortar/physical store/in-store/ off-line, online/ e-commerce/ e-tailing and other channels.

Retailer:

Any entity that sells goods or provides service to the eventual consumer would be termed as a retailer. A retailer therefore is one who deals with end consumers, maintains data of dealing with such consumers and is responsible for service provided to end consumer. Sale of such goods can happen over various channels including – brick-and-mortar, online and other channels. "Multi-brand Retail" is one where different brand of goods are sold under a single roof while in "Single Brand Retail" entity sells its own branded goods across its own branded outlets. "Big-box Retail"

means a large retail establishments selling general goods as department store, or may be limited to a particular specialty or sell groceries

Distribution Centre/Warehouse:

Distribution Centre/Warehouse is a state-of-the-art facility that stocks a vast number of products sourced from different suppliers and distributes goods to retail stores or direct-to-consumers. Distribution Centre/Warehouse shall have automated processes leading to improved efficiencies and ensuring accurate, on-time order fulfillment.

Retail Hub:

A Retail Hub is a group of retail and other commercial establishments that is planned, developed and managed as a single property owned by single or more than one owner, comprising retail units such as shops offering goods and services and including family entertainment centres, hotels, offices/commercial complex, restaurants, pubs, gym, auditorium for plays, and similar retail units, multiplex ,and common areas.

5.0 Measures towards Ease of Doing Business

5.1 Single Window System for Online Clearances:

- i. Government of Haryana will facilitate all clearances to set up retail enterprise in the State through its Online Single Roof System thereby bringing together all stakeholder departments on a common platform.
- ii. A nodal officer from Haryana Enterprise Promotion Centre (HEPC) will assist investors/entrepreneurs by providing necessary information, guidance and handholding particularly with regard to various clearances needed for implementation of the project, availability of land and present level of infrastructure in the State as well as assist entrepreneurs in submission of applications for approvals/ registration.
- iii. All state clearances shall be provided in maximum of 45 days (with or without seeking additional information).Deemed clearance shall be granted, if clearance is not given in the stipulated time.

5.2 Redressal of retailer grievances through the Three-Tier Grievance Redressal System:

- i. For the resolution of issues related to the various departments in respect of functioning of the retail enterprises, the State Government has constituted a Three-Tier Grievance Redressal System (District Level Grievances Committee, State Level Grievances Committee, Apex Level Grievances Committee)
- ii. To make the process speedy, easier and effective the Government has launched the Grievance Redressal System functional on e-biz portal i.e. www.investharyana.inc.in The retail enterprises

shall register and submit its grievance on the portal which shall be processed and resolved by the District Level Grievance Committee headed by the Deputy Commissioner in prescribed timelines.

- iii. In case grievance relates to the state level, then the grievance shall be referred to the State Level Grievance Committee headed by Principal Secretary Industries. The Grievances so received on the portal will also be available on the dashboard of concerned Administrative Secretaries as well on the dashboard of CM, Haryana for monitoring.

5.3 Rationalization of Inspections

- i. Inspection of retail shops shall be undertaken only with the approval of the Head of the Department(s) and after prior intimation.
- ii. For establishments covered under the Self Certification Scheme, not more than 5% of the units/establishments so covered under the scheme shall be picked up randomly for inspection once in a year. Once inspected the same establishment is not likely to be inspected in the next 5 years. However, on specific complaints, accidents, dangerous occurrences, violation of Labour Laws, inspection may be conducted only with prior approval of Head of the Department.

6.0 Initiatives for strengthening Infrastructure

6.1 Support for establishing Distribution Centres/Warehouses

- i. To facilitate creation of Distribution Centres/Warehouses across state, Government shall provide financial assistance to the tune of 50% of total project cost with maximum limit of Rs 10 crore to promoter/developer of world class Distribution Centres/Warehouses developed over minimum area of 25 acres. The project cost shall include capital expenditure incurred on buildings, equipment as well as for developing common infrastructure facilities which will include internal roads, power distribution system, communication facilities, water distribution lines, sewage and drainage lines, disposal facilities etc.
- ii. In addition, the park will be provided financial assistance @ 50% of project cost of Hostel/Dormitory Housing for domicile workers maximum up to Rs 2 crore. Besides this the promoter/developer will also be eligible for the following benefits-
- iii. Stamp Duty: 100% reimbursement of stamp duty on purchase/lease of land required for Distribution Centres/Warehouses
External Development Charges: 100% exemption of applicable charges.
Internal Development Work Charges: 100% exemption of applicable charges.
- iv. However statutory charges such as license fee, scrutiny fee, conversion charges and infrastructure development charges shall be payable.
- v. The construction of infrastructure facilities of the sanctioned project should be completed within the period of 3 years from the date of approval of project. The project would be eligible for benefits provided it remains operational for seven years from the date of commencement of

operation. State Government to provide last mile trunk infrastructure such as water, power, roads, drainage etc. to the Distribution Centres/Warehouses.

6.2 Reserved spaces for Retail in Town planning or Master plan

The Master Plans developed by planning authorities in State shall reserve land for retail development. Mixed land use will be considered as well.

7.0 Fiscal Incentives

7.1 Custom Incentives for Mega Projects including Mega Retail Hubs

- i. Projects involving fixed capital investment (i.e. land, building, plant and machinery) of INR 100 crore and above will be accorded mega retail enterprise status.
- ii. The Government shall sanction special packages for Mega Retail Hubs to suit particular investment requirements on case-to-case basis taking into account the gestation period, locational aspects, project's importance to the state's economic growth and its ability to generate large scale employment for people of the state.
- iii. Special Package to Mega Retail Hubs shall be considered by Haryana Enterprise Promotion Board

7.2 Support for upliftment of small retailer

- i. E-enablement of Retailers: E-enablement shall be beneficial to small retailers as it helps retailers modernize their operations including billing, accounting, tax computation etc. By providing a tax invoice, retailers will be able to establish confidence among the consumer regarding their transparency. Additionally, retailers will be able to avoid penalties and fines due to the compliance with the regulatory requirements.
- ii. Government shall support for the e-enablement of small retailers with annual turnover of up to INR 1 crore by providing 50% subsidy in adopting billing system (both hardware and software) maximum of INR 50000

7.3 Financial assistance for units manufacturing Alternatives to Retail Plastic Bags

Lately there have been increasing number of legislations against the use of polythene bags based on their perceived impact on the environment. To facilitate use of alternatives such as bags made from paper, cotton/jute etc. State Government shall provide capital subsidy to units engaged in manufacturing of alternatives @ 15% of cost of Plant & Machinery or Rs 10 lakh whichever is less.

7.4 Industrial Status to Warehouses/Distribution Centres

Recognizing the investment potential in warehouses/distribution centres in the Haryana, the state government shall grant industrial status to this segment. Presently the scarcity of funds and

market incentive are acting as an impediment in achieving the desired level of development in this sector. With the industrial status, this category will become more attractive for foreign investment and players will enjoy incentives and other allied facilities at par with other industries.

8.0 Simplified Labour Laws

8.1 Permitted to operate on all 7 days of the week

Retail enterprises shall be allowed to function on all 7 days of the week provided that the employees are given compensatory, compulsory weekly offs on a preferential basis without any deduction of benefits (monetary and otherwise).

8.2 Increased store functioning hours

Retail enterprises shall be allowed to operate 24 X 7 (three shifts), provided employees work in a maximum of two shifts with a minimum of one hour rest period. This is subject to the employer providing shift-wise employee details and specifying weekly holiday for each of the employees.

8.3 Working hours of employee

- i. Working hours of the employees will be a maximum of 9 hours per day and not more than 48 hours in a week. Manpower deployment details shall be added to the application for registration by the employer.
- ii. No worker will be asked to work continuously for more than 5 hours unless he has been given a break of not less than half an hour provided that limit of working hours or of weekly rest may be relaxed in case of work of urgent nature.
- iii. The total number of hours of work in a shift including the rest interval shall not exceed 10.5 hours in any establishment and in case a worker is entrusted with intermittent nature of work, urgent work, the spread over shall not exceed 12 hours.

8.4 Overtime

- i. Any working hour beyond 9 hours a day or 48 hours a week shall be treated as over time. However, the total number of overtime hours allowed in a quarter (3 months) shall be at max. 150 hours.
- ii. Record of overtime will be maintained in wages register or electronically separately in respect of the employees who worked beyond normal working hours

8.5 Wages for overtime work

Wages for overtime will be paid to all eligible employees at a rate equal to the double the rate of his/her wages.

8.6 Holiday and leaves

- i. An establishment may work on all days in a week subject to the condition that every worker shall be allowed weekly holiday of at least 24 consecutive hours of rest.
- ii. If a worker is denied weekly holiday, the compensatory leave for this shall be given within two months of such weekly holiday.
- iii. Every worker shall be entitled to eight days' casual leave with wages in every calendar year. Such leave shall be credited into the account of the worker on a quarterly basis.
- iv. Every worker who has worked for a period of 240 days or more during a calendar year shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated at the rate of one day for every twenty days of work performed by him during the previous calendar year. In the case of a female worker, maternity leave to be provided as mentioned in the Maternity Benefits Act, 1961.
- v. Worker shall be permitted to accumulate earned leave upto a maximum of 45 days. However, if the employer refuses to sanction the leave due when applied 15 days in advance, then the worker will have a right to encash leave in excess of 45 days. Provided further that if a worker is entitled to leave under this section, is discharged by his employer before he has been allowed the leave, or if, having applied for and having been refused the leave, he quits his employment on account of retirement, resignation, death or permanent disability, the employer shall pay him full wages for the period of leave due to him.
- vi. A worker shall be entitled to eight paid festival holidays in a calendar year, namely, Independence Day, Republic Day and Gandhi Jayanti and five such other festival holidays as may be agreed to between employer and the workers, before the commencement of the year.
- vii. The employees working on a national holiday will be given a compensatory holiday in addition to overtime wages. List of such holidays for a month will be placed on notice boards in advance.

8.7 Allowed to offer part time employment

- i. Retail enterprise shall be allowed to offer part-time employment subject to the working hours for part time employees being expressly specified.
- ii. Minimum per hour wage rate shall be proportionately determined in accordance with minimum monthly wage rate specified under Minimum Wages Act.
- iii. This would be subject to the enterprises strictly adhering to laws regarding child labour and other similar applicable laws/rules.

8.8 Allowing women employees to work in all shifts

- i. Women employees shall be permitted to work in all shifts provided employer ensures occupational health, equal opportunity for women workers, safety, adequate protection of their dignity, honour and transportation from the company premises to their residence.
- ii. The decision however shall remain with the respective female employee as to whether she chooses to work such shifts or not.

- iii. Companies employing women staff in night shifts shall come out with specific policy regarding safety measures put in place to ensure the safety of their women employees in such shift.

8.9 Self-Certification and filing of consolidated annual return under various acts of Labour

Retail enterprise will have an option for self-certification and filing of consolidated annual returns and consolidated register under various Acts administered by the Labour Department, Government of Haryana.

9.0 Support for Human Capital Development

9.1 Initiatives for Skill Development

- i. To ensure availability of skilled manpower across the entire retail value chain, State Government shall collaborate with Department of Skill Development and Industrial Training Haryana and private players such as Retail Association Skill Council of India to impart necessary skills to the youth in trades such as store operations, consumer sales, marketing etc.
- ii. Further State Government shall also encourage retail enterprises to conduct skill development training programmes by reimbursing 75% of the total cost of these programmes subject to a maximum cost of Rs 10,000 per trainee. In lieu of this assistance, retail enterprises shall assure 75% guaranteed placement of the trainees (at least for one year).
- iii. An initial provision of INR 20 crores shall be made for the said initiative.

9.2 Establishment of Franchised Development Center to support entrepreneurship

Franchised Development Center will serve as the "first information point" to supply potential franchisors and franchisees, entrepreneurs and households with information related to franchising and licensing. It shall also provide internationalization assistance for more established franchisors ready to venture overseas.

10.0 Regulatory Simplification

10.1 Inclusion of Food, Grocery and Pharmacy in Essential services:

Food, Grocery and Pharmacy business retail enterprise shall be included under the state's Essential Services Maintenance Act as 'Essential Services'.

10.2 Relaxation of Stocking Limit under Essential Commodities Act

- i. Stocking limits for essential commodities prescribed under Essential Commodities Act, 1955 shall be relaxed for retail enterprises (multiple outlet) or departmental retail enterprises. The stocking

limit for Multi chain retailer or multi retail outlet shall also be enhanced. These are subject to various regulations as may be applicable from time to time.

- ii. The stocking limits in godowns/warehouses located in rural areas shall be higher than urban areas. This shall be on account of larger size of such facilities in rural areas due to lower cost of land and also to facilitate stocking of commodities especially agricultural ones closer to the site of production
- iii. Licensing requirement for stocking food & grocery products under the Essential Commodities Act shall be struck down since these products are already brought within the ambit of FSSAI license.

10.3 Pragmatic Implementation of Packaged Commodity Regulation and FSSAI Regulations

- i. Most of the SKUs stocked and sold by retailers are in pre-packaged form, which need to be compliant with the label declarations, provisions of the Legal Metrology Act, 2009 and the Legal Metrology (Packaged Commodities) Rules, 2011 and FSSAI regulations. Thus all pre-packaged commodities are required to have label declarations as specified by the Act & Rules.
- ii. Retailers, in general deal with number of products bought from hundreds of vendors. Occasionally few items may not carry all the requisite declarations as mandated or there could be a mis-print. These may be on account of the manufacturers, importers or packers.
- iii. Not having mandatory declarations on the labels is detrimental to consumer's interest, however in such cases, onus / actions / fines for non-compliance shall be evaluated fairly and retailers solely shall not be held liable for such offenses.
- iv. Under Section 53 (1) of Legal Metrology Act 2009, State Governments are empowered to make rules, after consultation with the Central Government, to carry out the provisions of this Act.
- v. The State Government shall come out with a notification rationalizing the onus / actions / fines for non-compliance under section 36 of provisions of the Legal Metrology Act 2009, and the rules made there under.
- vi. Also retailers shall be exempted from the liability of package declarations under the FSSAI regulations if the products are brought from vendors and are sold to the ultimate consumer in the same packaged form.

10.4 Relaxation in permission for Store Sign Board

Government shall exclude retail trade from prior permission and charges / fees with regards to store sign boards displaying trade name of company on business place of company. This will be subject to local rules and regulations with regards to size and location of such sign boards.