



DELHI

April 2008



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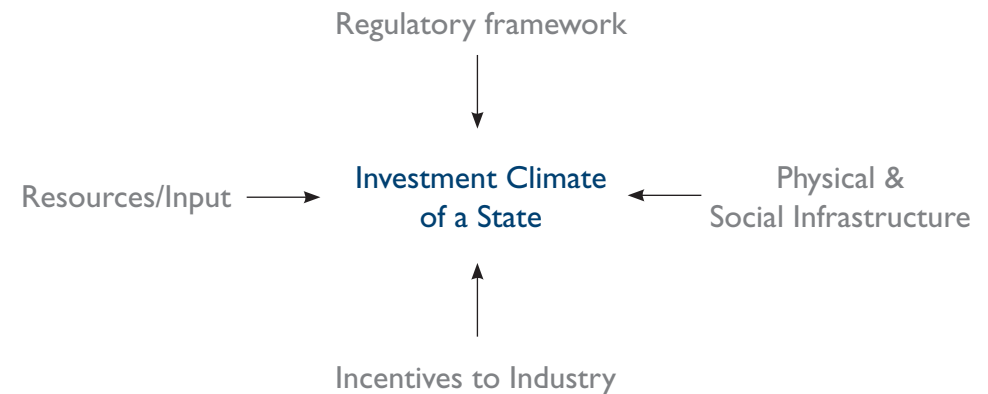
Investment climate of a state is determined by a mix of factors

Regulatory framework

- Procedures for entry and exit of firms
- Industrial regulation, labour regulation, other government regulations
- Certainty about rules and regulations
- Security, law and order situation

Resources/Input

- Skilled and cost effective labour
- Labour market flexibility
- Labour relations
- Availability of natural resources



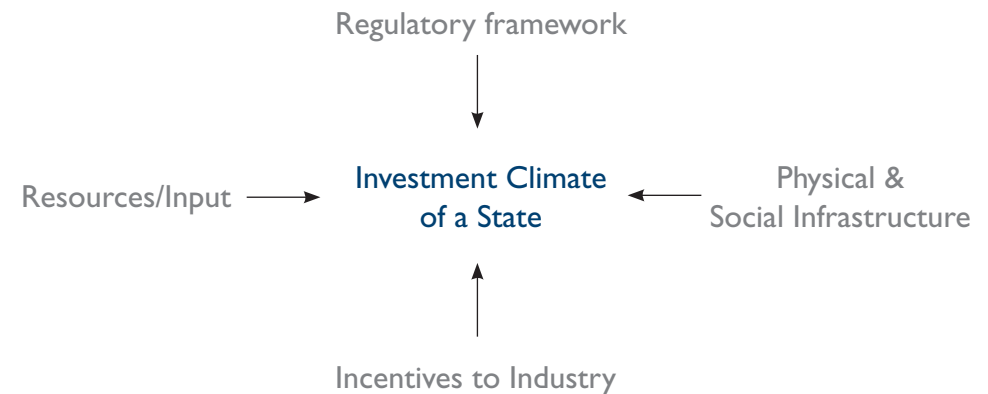
Investment climate of a state is determined by a mix of factors

Incentives to industry

- Tax incentives and exemptions
- Investment subsidies and other incentives
- Availability of finance at cost effective terms
- Incentives for FDI
- Profitability and incentives to industry

Physical & social infrastructure

- Condition of physical infrastructure like power, water, roads, etc.
- Information infrastructure such as telecom, IT, etc.
- Social infrastructure like educational and medical facilities



Focus of this presentation

- Delhi's performance on key socio-economic indicators
 - Availability of social and physical infrastructure in the state
 - Policy framework and investment approval mechanism
-

Delhi's distinctions: What sets Delhi apart?

Capital of the Republic of India

Has been the capital of successive rulers of India for over 5000 years

Written history dating back from BC 1450

A critical epicentre for international politics, trade, culture and literature

The headquarters of the Government of the Republic of India – the world's largest democracy

The proud host of Commonwealth Games 2010

Delhi at a glance

A city of 13.85 million people

Location: 28°-24'-17" to 28°-53'-00" N. Latitude 76°-50'-24" to 77°-20'-37" E. Longitude

Area: 1483 square kilometre

Divided into 165 administrative villages in 9 districts

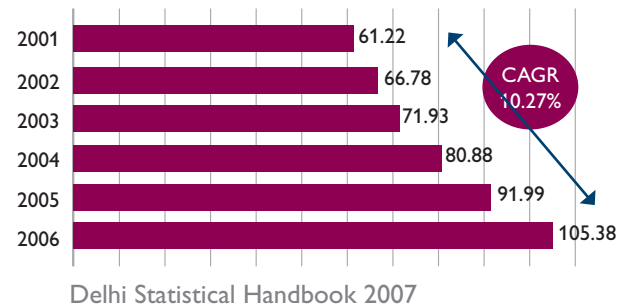
Population density: 9340 people per sq. km. (2001 Census)

DELHI'S PERFORMANCE ON KEY SOCIO-ECONOMIC INDICATORS

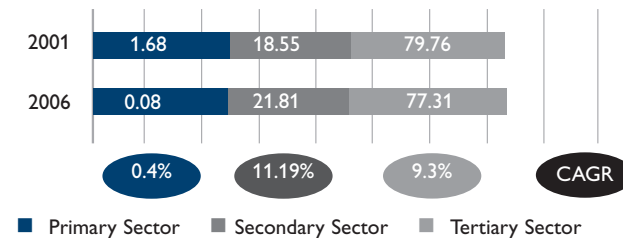
Delhi's economic performance has been impressive, driven by the secondary and tertiary sectors of the economy

- State's GDP grew at an impressive CAGR of 10.27% between 2000-2001 and 2005-2006 to reach US\$ 105.38 billion
- The secondary sector, has been the fastest growing, driven by growth in sub-sectors such as manufacturing, electricity and gas and water supply, construction and power sectors while the tertiary sector is the second fastest growing
- Secondary sector driven by manufacturing and construction (comprising a 43 per cent and 46 per cent share respectively, in the sector in 2005-2006)

Delhi's GSDP US\$ billion



Percentage Distribution of GSDP

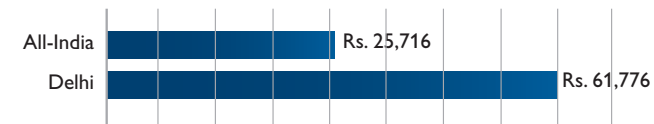


Source: Directorate of Statistics, Govt. of Delhi

Households in the state have higher disposable incomes as compared to the rest of the country

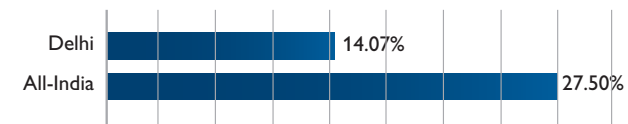
- Per Capita Income of Delhi is amongst the highest in the country
- The state has a Per Capita Income of Rs. 61,776 against a national average of Rs. 25,716
- Estimated percentage of population in Delhi below poverty line is 14.07%, as compared to 27.50% for All-India

Per Capita Income in Delhi



Source: Dpt. of Census Operations., Delhi; Central Statistical Organisation

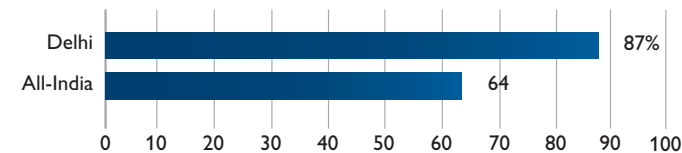
Population below poverty line



Households in the state have higher disposable incomes as compared to the rest of the country

- Distribution of households by income shows that share of households in higher income categories in Delhi is greater than the all-India figure
- Penetration of most assets in terms of percentage of population with mobile phones, owning cars etc. is highest in Delhi

Electricity available to households



Source: Dpt. of Census Operations., Delhi; Central Statistical Organisation

Industrial performance: Industries in Delhi

- The manufacturing sector in Delhi still contributes about 12% to the Gross State Domestic Product (GSDP).
- There has been a phenomenal growth of small scale industries (SSI) in Delhi in the last 4 decades, where a sharp increase in the number of units from 17,000 in 1961 to 1.29 lakh in 2000-01 has been recorded and that too mainly in the unorganised sector, as the planned industrial area in Delhi has only 25,000 to 30,000 plots/industrial units.
- Their total output in FY 06 was US\$ 1,577.5 million
- In 1961, about 1.87 lakh people were employed in these industries and this number has increased to 14.40 lakh in 2001.

KEY INDUSTRY	PEOPLE EMPLOYED
<i>Metal and transport equipment</i>	66,179
<i>Textile products</i>	126,765
<i>Paper and publishing</i>	23,371
<i>Leather</i>	11,352

Source: Department of Statistics, Government of Delhi

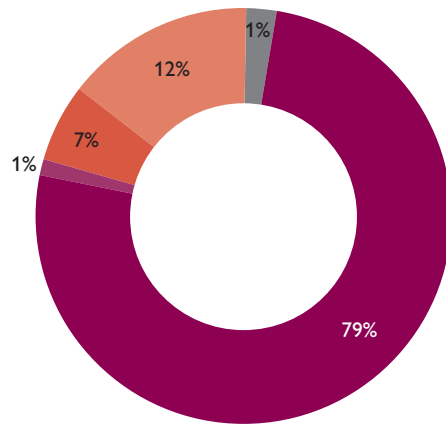
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Industrial performance: Strong manufacturing sector

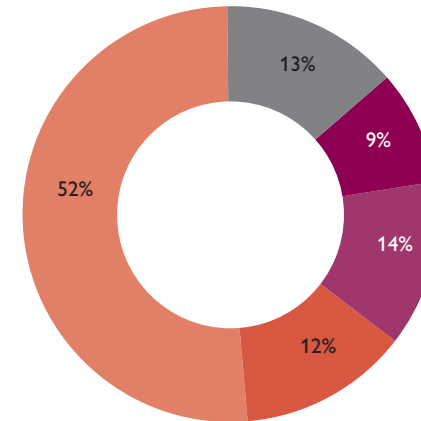
Share of Manufacturing Sector in Delhi's Economy



- Primary [1%]
- Tertiary [79%]
- Elec., Gas & Water Supply [1%]
- Construction [7%]
- Manufacturing [12%]

Source: Draft Industrial Policy, 2006, Government of Delhi

Use Based Classification of Different Industry Groups in Delhi



- Basic Goods [13%]
- Capital Goods [9%]
- Intermediate Goods [14%]
- Consumer Durable Goods [12%]
- Consumer Non-Durable Goods [52%]

DELHI'S PERFORMANCE ON KEY SOCIO-ECONOMIC INDICATORS

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Manufacturing sector - Joint Stock Companies: new registrations in FY'06

SECTOR	NUMBER OF COMPANIES	AUTHORISED CAPITAL
Food processing, textiles, wood products, leather	1,447	US\$ 669.81 million
Metals and chemicals, machinery and equipment	1,889	US\$ 129.4 million
Electricity, gas and water supply	92	US\$ 18.3 million
Construction	3,078	US\$ 181.46 million
Wholesale and retail trade, restaurants and hotels	1,744	US\$ 71.3 million
Transport, storage and communication	436	US\$ 87.2 million
Finance, insurance, real estate and business services	4,096	US\$ 464.8 million
Community, social and personal services	494	US\$ 14.4 million
TOTAL	13,276	US\$ 1,636.67 million

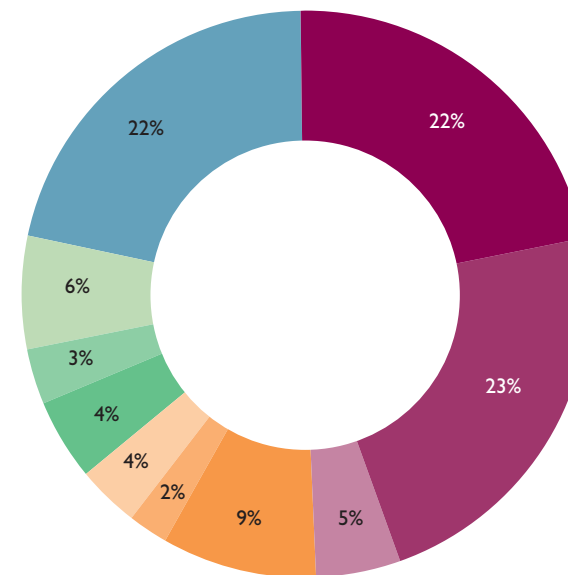
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Industrial performance: Strong manufacturing sector

- According to the Fifth Economic Census conducted in 2005, there were 7.54 lakh enterprises as compared to 6.86 lakh in 1998. This indicates a growth of about 10% (average annual growth rate of 1.36%).
- The total number of people engaged in these enterprises has increased from 35 lakh in 1998 to 41 lakh in 2005 indicating a growth of about 17% during this period.
- Delhi's share in the total enterprises in the country is 1.79% as compared to 1.56% for Chhattisgarh, 1.97% for Haryana, 2.55% for Punjab and 1.17% for Jharkhand. However, Delhi's share in the total employment in the country is 4.12%.

Percentage share of various industries in the manufacturing sector



Food Products & Beverages [22%]
Wearing Apparel : Dressing and Dyeing of fur [23%]
Publishing, Printing & Reproduction of Recorded Media [5%]
Chemicals and Chemical Products [9%]
Electrical Machinery and Apparatus N.E.C. [2%]
Rubber and Plastic Products [4%]
Basic Metals [4%]
Fabricated Metal Products except Machinery and Equipments N.E.C. [3%]
Machinery and Equipments N.E.C. [6%]
Others [22%]
Total 15930 Crore

Source: Draft Industrial Policy, Govt. of Delhi

AVAILABILITY OF SOCIAL AND PHYSICAL INFRASTRUCTURE

Strong social infrastructure in the form of educational institutions

Educational Infrastructure

- Literacy rate of 81.67 per cent against national average of 65 per cent
- Leading technical (IIT), medical, management, and legal institutions are present in the state
- Network of 2,637 primary schools and 1,761 higher secondary schools

Status of Educational Institutes

17 universities
88 colleges for professional education, including Indian Institute of Technology (IIT), Delhi
8 institutions deemed as universities
201 colleges for graduate education
68 ITIs and ITCs
11 research institutions
20 polytechnics

Source: India Stats and Economic survey, FY' 08

Strong social infrastructure in the form of medical institutions

Medical infrastructure

- Delhi has 815 hospitals, 8 primary health centres
- The state exhibits better health ratios as compared to the national average

Health indicators

	Delhi	All-India
Population covered per medical institution	16,935	26,536
Birth rate*	19.95	24.8
Death rate*	6.11	8.1
Infant mortality rate**	18	57
Life expectancy at birth (years)		
Male	67.4	64.1
Female	71.1	65.4

* Per thousand persons

** Per thousand live births

Source: India Stats and Economic survey FY'08

Delhi has amongst the best infrastructures for collection of savings and disbursal of credit

- Credit-Deposit ratio of 87% for all banks put together in FY 2007
- Average population served by a bank office in the state is 10,027, in comparison with the national average of 16,152

Financial Institutions in Delhi

State Bank of India and its subsidiaries	339
Nationalised Banks	1177
Other Scheduled Banks	416
Number of Accounts in Scheduled Banks	19,373,000
Net Deposits in these Accounts	\$ 67 bln

As of 31 March, 2006

Source: Economic Survey of Delhi

Adequate transport infrastructure

Roads

- Delhi's total road length is over 30,923 km
 - The outlay on transport sector is proposed at Rs.2,270 crore in Finance Bill FY'08, as against Rs. 1,414 crore last year. Considering the need for improvement of the transport facilities, the transport sector has been given the highest financial allocation. Action is underway to operationalise the Delhi Integrated Multi Modal Transport Systems (DIMTS)
 - Existing network being upgraded, with express highways and freeways being taken up along key routes in the National Capital Region
 - Golden Quadrilateral project being undertaken by the National Highway Authority of India (NHAI) will connect Delhi to other parts of the country
-

Adequate transport infrastructure

Civil Aviation

- The international airport at Delhi - one of the busiest in the world - is being upgraded by a private consortium to handle more flights and passengers. By 2021, the airport will handle 100 million passengers per annum.

Railways

- Delhi is well connected by rail network to other parts of India. A significant part of Delhi's trade depends on its rail link with other commercial centres
 - The Delhi Metro Rail Corporation (DMRC) is the world's only UN-certified green railway. It is also the only metro network in the world to be ISO 18001 OHSAS certified.
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Adequate transport infrastructure

Proposed projects

- In addition to the six approved corridors of Delhi Metro Phase II, a 20 km. metro corridor from Central Secretariat to Badarpur and another 18 km. corridor from New Delhi Railway Station to IGI Airport is currently being constructed in Delhi
 - The DTC fleet, which is the world's largest eco-friendly bus service, will be augmented with the purchase of 500 new modern and low floor buses during the current financial year.
-

Encouraging situation in the power and telecommunications sectors

Power

- Delhi has an installed power capacity of 994,500 KW with an additional 13,416 MW purchased from neighbouring states
 - Total consumption of power in the state was 21,977 MU in 2006-07. The Aggregate Technical & Commercial (AT&C) losses which were at one time hovering at 50%, have come down to 35% on an average and are expected to be brought down to 20% within the next two years.
 - A 1000 MW Combined Cycle Gas-Based Power Project will be set up at Bawana at an estimated cost of Rs. 4500 crore through NTPC by 2010.
 - A 350 MW Combined Cycle Gas-Based Power Project at an estimated cost of Rs.1388 crore will also be set up at Bawana.
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Encouraging situation in the power and telecommunications sectors

Telecommunications

- Delhi Circle had 12,883,000 wireless subscribers as of FY' 07
 - Wired terminals of 14,357,000 telephones
 - Delhi also has strong internet connectivity for data and voice operations
-

Industrial infrastructure is being promoted

- Delhi Financial Corporation facilitates various clearances required for setting up industry and sanctions loans required for setting up industries
 - The Government of Delhi focuses on promoting industries that are based on imagination, knowledge, content, innovation and creation. To promote hi-tech, sophisticated and low volume, high value added industries which are not labour intensive. Emphasis on service industries like banking, insurance, financing, accountancy, health care, computer software development, entertainment and tourism
-

POLICY FRAMEWORK AND INVESTMENT APPROVAL MECHANISM

Key nodal agencies in Delhi

The Department of Industries, Government of NCT of Delhi

The Department of Industries is the nodal agency to plan, promote and develop industries in Delhi. Since Delhi is the National Capital and a metropolis, the thrust is on encouraging modern hi-tech, sophisticated export-oriented small scale industries in Delhi as well as those industries which do not stretch the state's resources such as land, water and electricity.

Setting up small scale industrial units in Delhi

- No prior registration is required to set up a small scale unit in Delhi.
 - However, the setting up of a small scale unit is subject to location restrictions since these can only be set up in conforming areas.
 - House-hold industries can be set up even in residential areas provided they conform to set norms for pollution control.
-

New industrial clusters notified by the government

Industrial cluster(s) notified by the Industries Department for redevelopment as per Government of India, Ministry of Urban Development, notification dated 31-05-2005.

1. Karawal Nagar
 2. Haiderpur
 3. Shalamar Village
 4. New Mandoli
 5. Basai Darapur
 6. Khyala
 7. Rithala
 8. Mundka (North of Rohtak Road)
 9. Naresh Park Ext.
 10. Peera Garhi
 11. Nawada
 12. Hastal (Pkt. A)
 13. Hastal (Pkt. D)
 14. Dabri
 15. Libaspur
 16. Sultanpur Mazra
 18. Prahladpur Banger
 19. Small Scale Industries, Phirni Road
 20. Mundka & Mundka Udyog Nagar (South Side)
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Pollution control and better waste management

Pollution control measures for industry

In pursuance of the Supreme Court order of December 1997, MC Mehta Vs. Union of India, 15 Common Effluent Treatment Plants (CETPs) are to be established by the societies so as to cover 28 approved industrial areas.

The Government of Delhi has released Rs. 22.5 crore and the Central Government has released another Rs. 22.5 crore being 50% of the capital cost of all these 15 CETPs.

The remaining 50% of the capital cost i.e. Rs. 45 crore and subsequent annual operational and maintenance charges are to be borne by these societies.

In case these societies so desire they can obtain a loan upto 30% of capital cost from any financial institution.

Attractive investment climate: Investment friendly sector-specific policies

Export promotion scheme

A “State Level Export Promotion Committee” (SLEPC) headed by the Chief Secretary, Delhi has been constituted to draw appropriate export policy/action plan and to approve infrastructure projects for financial assistance under the Assistance to States for Developing Export Infrastructure and Allied Activities (*ASIDE*) scheme of the Central Government.

Commissioner (Industries), Government of Delhi is the Member Convener of SLEPC and Delhi State Industrial and Infrastructural Development Corporation (DSIIDC) is the nominated “Nodal Agency” for parking and disbursement of *ASIDE* funds further to the project implementing Agency/Developer upon approval of the SLEPC.

Attractive investment climate: Investment friendly sector-specific policies

Industrial Promotion Agencies in Delhi

- Delhi Financial Corporation, B-Block, Saraswati Bhawan, Connaught Circus, New Delhi (Tel. No. 23418267). This organisation provides financial assistance for industrial and commercial activities.
 - Delhi Khadi & Village Industries Board, Canning Lane, Kasturba Gandhi Marg, New Delhi (Tel. No. 23782336). It offers financial assistance to Khadi & Village Industries.
 - Delhi State Industrial Development Corporation Ltd. N-36, Bombay Life Building, Connaught Circus, New Delhi (Tel. No. 23311590). This organisation is engaged in providing infrastructure & marketing facilities to industries.
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Attractive investment climate: Investment friendly sector-specific policies

- Tool Room & Training Centre, Wazirpur Industrial Area, Delhi-52. (Tel. No. 27242745). It provides technical support to industries through fabrication of tools & dies and also provides technical courses in tool & die making and computer applications.
 - Hi-Tech Vocational Training Centre, Okhla Phase-II, New Delhi (Tel. No. 26312054). It provides technical courses on computerised numerically controlled machines.
 - Delhi Vidyut Board, Shakti Sadan, Nehru Place, New Delhi (Tel. No. 26484833). It provides power connections to industrial units.
-

Attractive investment climate: Investment friendly sector-specific policies

- Municipal Corporation of Delhi (Factory Licensing Department) (Tel. No. 23964765) Nigam Bhawan, Kashmere Gate, Delhi. Issues licenses for carrying industrial activities in Delhi.
 - Delhi Jal Board, Varunalaya Bhawan, Jhandewalan, New Delhi (Tel. No. 23544795). Provides water connections to industrial units.
 - Society For Self Employment, Flatted Factories Complex, Jhandewalan, New Delhi (Tel. No. 27773098). Provides short term training in repair of Radio & T.V., Fashion Designing, Repair & Maintenance of House-Hold electrical appliances & fittings etc. to the young unemployed people.
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The New Industry Policy of the Government of Delhi

Salient features of the Draft Industrial Policy

Following salient features are proposed to be incorporated in the final draft Industrial policy of the Industries department.

- Promotion of sophisticated industries which can achieve optimum level of production with less space, power, water etc.
 - Generate employment avenues non polluting industries.
 - Encouraging non polluting industries. Emphasis on promotion of computer software, I.T., I.T. enabled service, electronics and high-tech industries irrespective of investment limits.
 - No new industrial units to be permitted in residential areas except household industries.
-

The New Industry Policy of the Government of Delhi

- A single unified agency for development and maintenance of industrial areas in Delhi. The involvement of industrial association of the area in the maintenance of industrial areas shall be encouraged.
 - Low-tech industries in non-industrial areas to be encouraged to upgrade into hi-tech industries in industrial areas.
 - Hazardous/obnoxious industries as well as large/heavy industries shall not be permitted in Delhi.
 - Small scale industries graduating to the medium sector as a result of modernisation/technical up-gradation shall be permitted, provided there is no substantial expansion and where growth is in the same line or allied line, and where industry is operating in an approved industrial area.
-

The High Tech Highway

The Delhi Government plans to set up a Hi-Tech City for Information Technology at Pappankalan, Dwarka Phase-II, near Indira Gandhi International Airport on about 100 acres of land. The following facilities will be provided by the Hi-Tech City:

State-of-the-art hi-tech construction

Ultra modern exteriors and interiors.

Latest data communication and networking facilities including satellite connectivity.

Un-interrupted power supply.

Modern built-up space.

Plots for companies to make their own campus.

Convention facilities.

Health club, recreation, cybercafe, shopping centre, and medical center and other services

Nearby residential apartments

Close to international airport

Adequate transport facilities to connect other parts of the city.

One window clearance for setting up IT Industry

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