

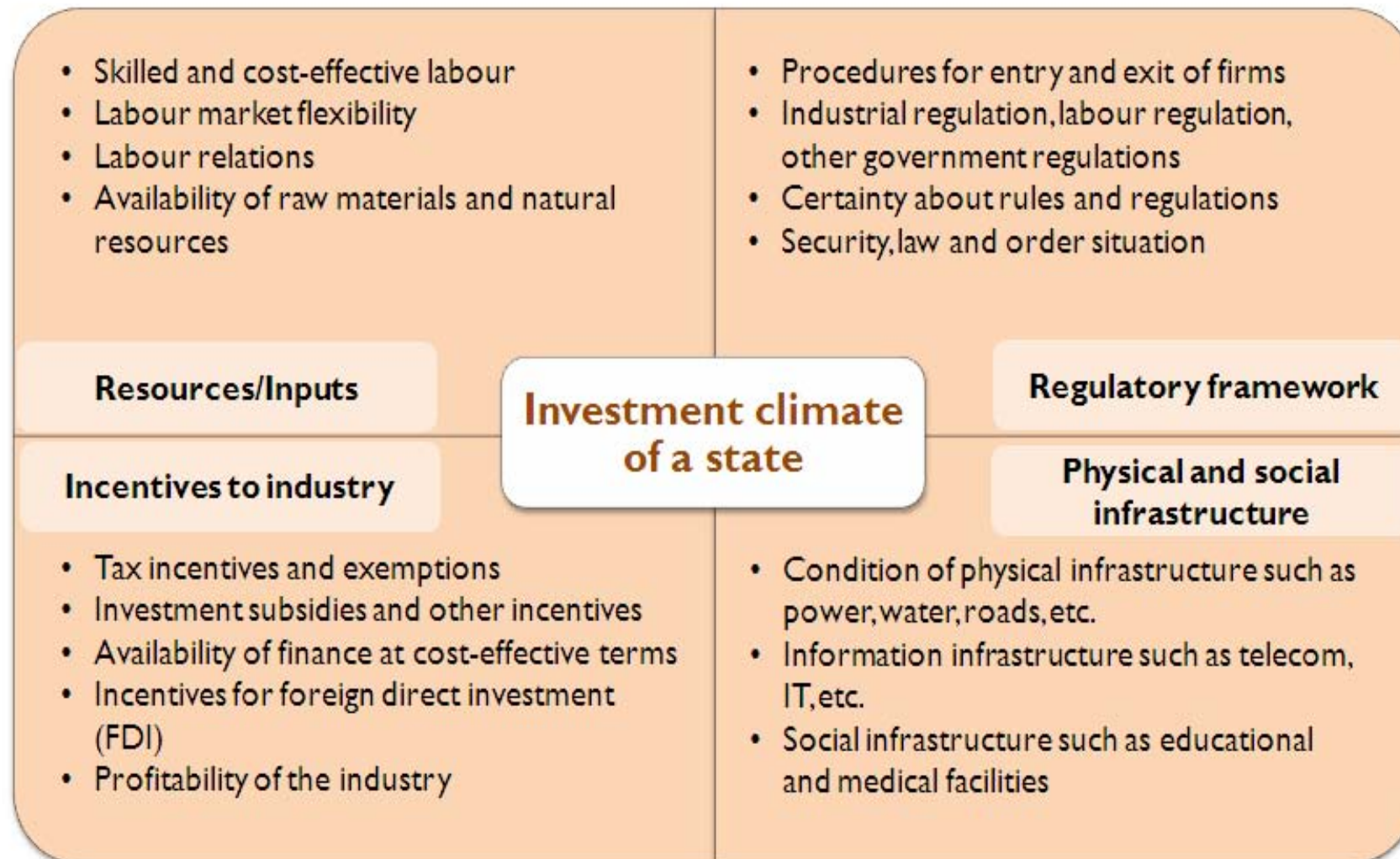


# DELHI

September 2009



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



## Delhi's distinctions: What sets Delhi apart?

- Capital of the Republic of India
- Has been the capital of successive rulers of India for over 5,000 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: 1,483 sq. km.
- Divided into 165 administrative villages in nine districts
- Population density: 9,340 people per sq. km. (2001 Census)

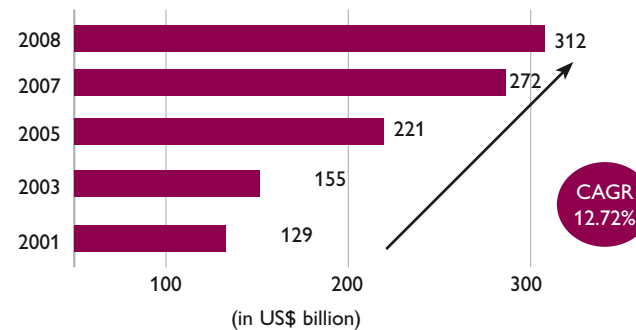
## The focus of this presentation is to discuss...

- 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 economic performance has been impressive, driven by the secondary and tertiary sectors of the economy

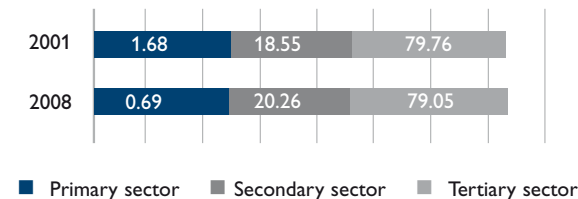
- Delhi's gross state domestic product (GSDP) grew at an impressive compound annual growth rate of 12.72 per cent between 2000-01 and 2007-08 to reach US\$ 312 billion.
- The secondary sector, has been the fastest growing, driven by growth in sub-sectors such as manufacturing, electricity and gas and water supply, construction and power sectors, while the tertiary sector is the second fastest growing.
- The secondary sector driven by manufacturing and construction (comprising a 41 per cent and 43 per cent share, respectively, in the sector in 2007-08).

Delhi's GSDP



Source: Budget 2009 - Govt. of Delhi

Percentage distribution of GSDP

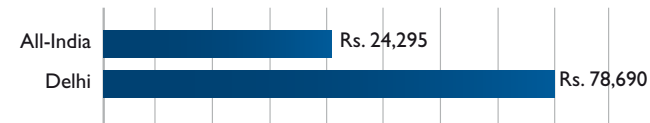


Source: Directorate of Statistics, Govt. of Delhi

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

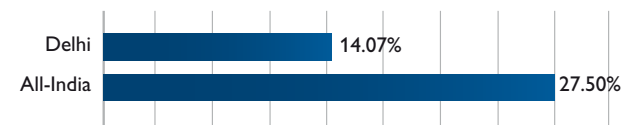
- The per capita income in Delhi is amongst the highest in the country.
- The state has a per capita income of US\$ 1,748 against a national average of US\$ 540.
- The estimated percentage of the population in Delhi below the poverty line is 14.07 per cent, as compared to 27.50 per cent for all-India.

Per Capita Income in Delhi (2008)



Source: Dpt. of Census Operations, Delhi

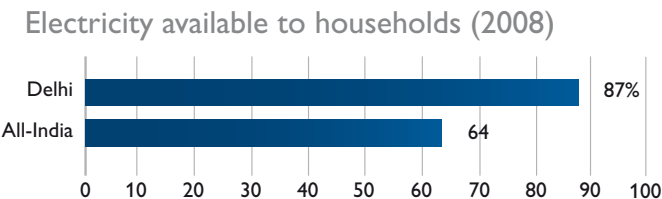
Population below poverty line (2008)



Source: Dpt. of Census Operations, Delhi

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

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



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

## Industrial performance: Industries in Delhi

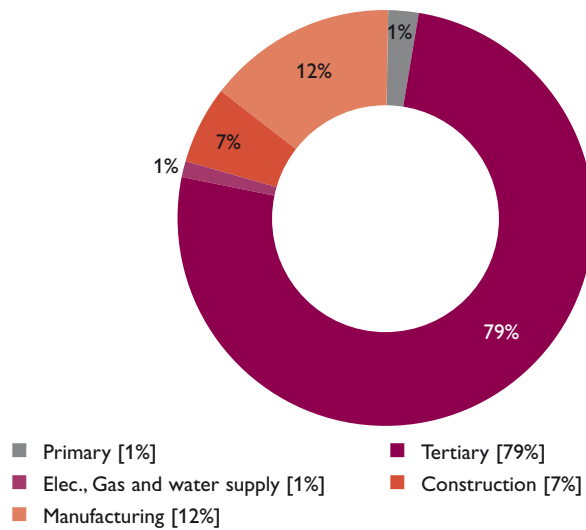
- The manufacturing sector in Delhi contributes about 12 per cent to the GSDP.
- There has been a phenomenal growth of small-scale industries (SSI) in Delhi in the last four decades, where a sharp increase in the number of units from 17,000 in 1961 to 1.29 lakh in 2000-01 has been recorded and that too 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 2005-06 was US\$ 1,577.5 million.
- In 1961, about 1.87 lakh people were employed in these industries and this number increased to 14.40 lakh in 2001.

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

Source: Department of Statistics, Government of Delhi

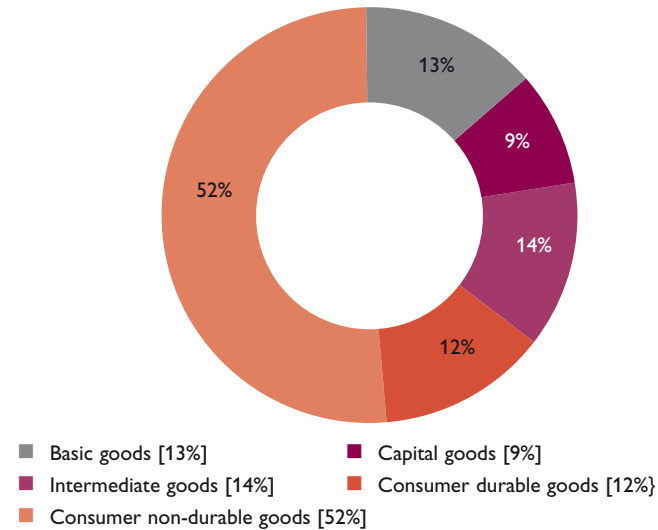
## Industrial performance: Strong manufacturing sector

Share of manufacturing sector in Delhi's economy



Source: Draft Industrial Policy, 2006, Government of Delhi

Use based classification of different industry groups in Delhi



### Manufacturing sector – Joint stock companies: new registrations in 2006-07

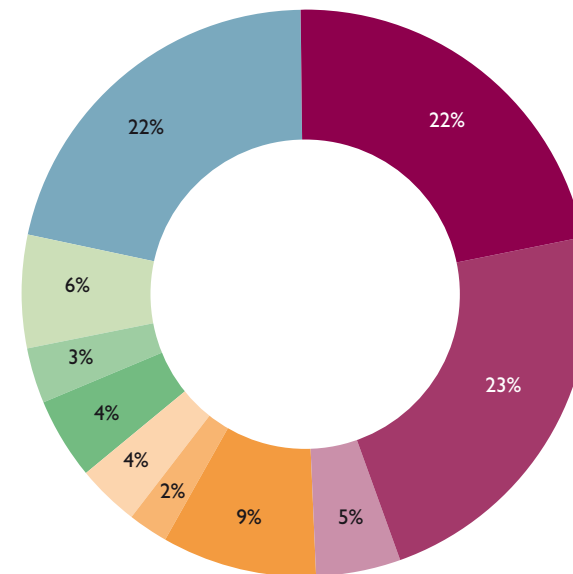
SECTOR	NUMBER OF COMPANIES	AUTHORISED CAPITAL
Food processing, textiles, wood products, leather	1,120	US\$ 134.9 million
Metals and chemicals, machinery and equipment	1,389	US\$ 1430 million
Electricity, gas and water supply	125	US\$ 1923 million
Construction	2,324	US\$ 512 million
Wholesale and retail trade, restaurants and hotels	1,149	US\$ 2612.52 million
Transport, storage and communication	391	US\$ 1325.7 million
Finance, insurance, real estate and business services	5,575	US\$ 1642 million
Community, social and personal services	913	US\$ 172.8 million
SECTOR TOTAL	13,168	US\$ 9780.9 million

Source: Department of Company Affairs, Ministry of Industry, Govt. of India, 2005-06

## 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 per cent (average annual growth rate of 1.36 percent).
- 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 per cent during this period.
- Delhi's share in the total enterprises in the country is 1.79 per cent as compared to 1.56 percent for Chhattisgarh, 1.97 per cent for Haryana, 2.55 per cent for Punjab and 1.17 per cent for Jharkhand. However, Delhi's share in the total employment in the country is 4.12 per cent.

Percentage share of various industries in the manufacturing sector



- Food products and 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 15,930 crore

Source: Draft Industrial Policy, Govt. of Delhi

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## Strong social infrastructure in the form of educational institutions

### Educational infrastructure

- The state has a literacy rate of 81.67 per cent as against the national average of 65 per cent.
- Leading technical (IIT), medical, management, and legal institutions are present in the state.
- It has a 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, 2007-08

## Strong social infrastructure in the form of medical institutions

### Medical infrastructure

- Delhi has 815 hospitals and eight 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
<b>Life expectancy at birth (years)</b>		
Male	67.4	64.1
Female	71.1	65.4

\* Per thousand persons

\*\* Per thousand live births

Source: India Stats and Economic Survey 2007-08

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

- The state had a credit-deposit ratio of 89 per cent for all banks put together in 2007-08.
- The 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	349
Nationalised banks	1281
Other scheduled banks	463
Number of accounts in scheduled banks	19,373,000
Net deposits in these accounts	US\$ 67 bln

As of 31 March, 2008

Source: Economic Survey of Delhi

## Adequate transport infrastructure

### Roads

- Delhi's total road length is over 30,923 km.
- The outlay on the transport sector is proposed at Rs. 2,270 crore in Finance Bill 2007-08, as against Rs. 1,414 crore in 2006-07. 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).
- The existing network being upgraded, with express highways and freeways being taken up along key routes in the National Capital Region.
- The 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.

## 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 2,500 new modern and low floor buses.

## 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
- The total consumption of power in the state was 21,977 million units in 2006-07. The Aggregate Technical & Commercial (AT&C) losses which were at one time hovering at 50 per cent, have come down to 35 per cent on an average and are expected to be brought down to 20 per cent within the next two years.
- A 1,000 MW combined cycle gas-based power project is being set up at Bawana at an estimated cost of Rs 4,500 crore through National Thermal Power Corporation by 2010.
- A 350 MW combined cycle gas-based power project at an estimated cost of Rs 1,388 crore will also be set up at Bawana by DSEB.

## Encouraging situation in the power and telecommunications sectors

### Telecommunications

- The Delhi circle had 12,883,000 wireless subscribers as of 2006-07.
- It has 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 focusses 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 that are not labour intensive, there is an emphasis on service industries such as banking, insurance, financing, accountancy, healthcare, computer software development, entertainment and tourism.

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## 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 SSIS in Delhi as well as those industries which do not stretch the state's resources such as land, water and electricity.

## Setting up SSI 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.
- Household 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 May 31, 2005, include:

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
17. Jawahar Nagar
18. Prahladpur Banger
19. Small Scale Industries, Phirni Road
20. Mundka & Mundka Udyog Nagar (South Side)

## 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 industrial 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 per cent of the capital cost of all these 15 CETPs.
- The remaining 50 per cent of the capital cost, i.e. Rs. 45 crore and subsequent annual operational and maintenance charges, are to be borne by industrial societies.

In case industrial societies so desire they can obtain a loan upto 30 per cent 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.: +91 11 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.: +91 11 23782336). It offers financial assistance to khadi and village industries.
- Delhi State Industrial Development Corporation Ltd. N-36, Bombay Life Building, Connaught Circus, New Delhi (Tel. No.: +91 11 23311590). This organisation is engaged in providing infrastructure and marketing facilities to industries.

## Attractive investment climate: Investment friendly sector-specific policies

- Tool Room & Training Centre, Wazirpur Industrial Area, Delhi-52. (Tel. No.: +91 11 27242745). It provides technical support to industries through fabrication of tools and dies and also provides technical courses in tool and die-making and computer applications.
- Hi-Tech Vocational Training Centre, Okhla Phase-II, New Delhi (Tel. No.: +91 11 26312054). It provides technical courses on computerised numerically controlled machines.
- Delhi Vidyut Board, Shakti Sadan, Nehru Place, New Delhi (Tel. No.: +91 11 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.: +91 11 23964765) Nigam Bhawan, Kashmere Gate, Delhi. Issues licenses for carrying industrial activities in Delhi.
- Delhi Jal Board, Varunalaya Bhawan, Jhandewalan, New Delhi (Tel. No.: +91 11 23544795). Provides water connections to industrial units.
- Society For Self Employment, Flatted Factories Complex, Jhandewalan, New Delhi (Tel. No.: +91 11 27773098). Provides short-term training in repair of radio and TV, fashion designing, repair and maintenance of household electrical appliances and fittings, etc and to the young unemployed people.

## The new industry policy of the Government of Delhi

### Salient features of the Draft Industrial Policy

The following salient features are proposed to be incorporated in the final draft of the Industrial policy of the Department of Industries, Government of Delhi.

- Promotion of sophisticated industries which can achieve optimum level of production with less space, power, water, etc.
- Generate employment avenues through non-polluting industries.
- Encouraging non-polluting industries. Emphasis on promotion of computer software, IT, IT enabled services, 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.
- SSIs graduating to the medium sector as a result of modernisation/technical upgradation 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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