

Concept Note with Activity Plan for Growth of Service Sector in NCT of Delhi

Submitted to Delhi State Industrial and Infrastructure Corporation



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Overview of Services Sector Industry

○ National Scenario

- Indian Services Sector contribute significantly to its GDP, exports, job creation and FDI inflow in the last two decades. Services trade surplus has been financing more than 50% of India's merchandise trades deficit.
- Union Cabinet of India approved Action Plan for Champion Sectors in Services in India in 2018 in which focus has been given to 12 identified services sectors to help them achieve their full potential. These 12 identified sectors are IT & ITeS, Tourism and Hospitality Services, Medical Value Travel, Transport & Logistics Services, Accounting and Finance Services, Audio Visual Services, Legal Services, Communication Services, Construction and Related Engineering services, Environmental Services, Financial Services and Education Services.
- In pursuance of the Cabinet decision, the Expenditure Finance Committee (EFC) approved an umbrella scheme of Department of Commerce, the Champion Services Sector Scheme (CSSS), along with the sectoral schemes of six nodal Ministries/ Departments under CSSS. These six nodal Ministries/ Departments are Ministry of Human Resource Development, Department of Telecommunication, Ministry of Ayush, Ministry of Housing and Urban Affairs, Ministry of Tourism and Ministry of Electronic and Information Technology. Total outlay for CSSS and sectoral schemes is Rs. 3339.75 Crores for 2019-20 to 2023-24.

○ State Scenario

- Delhi has service sector led economy. Service sector has crucial role in the economic development through creation of livelihood opportunities and engage available local human resources. The sector covers activities from the most sophisticated in the field of Information and Communication Technology to simple services pursued by the unorganized/ informal sector workers, such as, vegetable sellers, hawkers, rickshaw pullers, etc. In terms of industrial categories, this sector inter-alia includes sub-sectors like Trade; Hotels and Restaurants, Transport, Storage, Communication, Financial Services, Real Estate, Ownership of Dwelling & Professional Services, Public Administration, and Other Services including Education, Medical and Health.
- The MSMEs pertaining to service sector have a pivotal role in the Delhi's economic development and constitutes a major part of the economy of the State both in terms of employment potential and its contribution to the State Income. 83.94 per cent of Gross State Value Addition (GSVA) of Delhi is accounting from service sector MSMEs, 13.78 per cent of GSVA has come from MSMEs associated with manufacturing, construction and electricity, gas, water supply and other utility services etc at current prices in 2021-22.

Drivers of Growth

The State Government has focused higher economic growth, innovation promotion, creation of green jobs in sync with Delhi Master Plan 2041. Some of the key growth drivers are higher foreign direct investments, connected transport infrastructure and logistics, suitable business environment, state government initiatives to promote incubator institutions, entrepreneurship, conducive start-up culture, enabling policy environment for non-polluting industry for service sector in NCT of Delhi.

Key Segments of Services Industry in the State

- **Information Technology & Information Technology Enabled Services**

In last two decades Delhi has made significant progress in IT and ITeS service sector in terms of enterprise creation, employment generation and contribution to state exchequer. During Calendar Year 2021, US \$ 74.01bn has been reported as total foreign direct investment (FDI) inflow in India and Delhi has received US \$ 7647.3mn as FDI equity inflow. Computer software and hardware emerged as the top recipient sector of FDI equity inflow during FY 2021-22 in the nation and Delhi is one of the recipient states with 17 per cent share of FDI equity inflow in this sector.

The services which are dominating in Delhi are software development, hardware assembling and trading, and various enabled services viz (i) back office operations (ii) call centres (iii) content development or animation (iv) data processing (v) engineering & design (vi) geographic information services system (vii) human resource services (viii) insurance claim processing (ix) legal databases (x) medical transcription (xi) payroll (xii) remote maintenance (xiii) revenue accounting (xiv) support centres (xv) website services.

- **Financial Technology Services**

Financial Technology Services which are prevailing in the state are

- (i) Business Process Outsourcing,
- (ii) Investment & Capital Market Tech,
- (iii) Digital Lending
- (iv) eCommerce & Marketing Tech,
- (v) Financial Media & Data Solutions
- (vi) Insurance & Healthcare Tech
- (vii) Payments
- (viii) HR & Payroll Tech
- (ix) Security Technology etc. It has been estimated that there are nearly 800 FinTech start-ups available in Delhi. These startups are coming up in last one decade. Some of the FinTech startups and their activities are listed here.

| FinTech Start-ups | Services | Activity |
|-------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| BharatPe (Resilient Innovations Pvt Ltd) | QR code-based payment solutions for consumers and businesses | Users can use it to pay for groceries, restaurants, cabs, salons, mobile businesses, and energy bills, among other things. Users can pay using their bank account by scanning a QR code. It is an app-based platform that allows merchants to take payments from customers. Consumers can also apply for loans. The app is compatible with both Android and iOS devices. |
| Stashfin (EQX Analytics Pvt Ltd) | Application based platform for personal loans | Users can register via personal documents, mobile number, email ID, and more. The loan is transferred to the user's registered bank account. The app is available on both IOS and Android devices. |
| Progcap (Desiderata) | Online lending marketplace for | It provides customized financing solutions for micro and small businesses where users can apply for |

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| Impact Ventures Private Ltd.) | working capital loans | collateral-free loans using the mobile app or web platform for instant loan approval. The platform's credit model evaluates borrowers' creditworthiness based on business activities data and supply chain ecosystem parameters and offers collateral-free financing solutions. Repayment is flexible and aligned with customer's cash flows. |
| Rupifi (Rupifi Technology Solutions Pvt. Ltd) | Online lending platform for business loans | It offers loans such as SME loans, working capital, and more. Loans are provided on the basis of credit scores. Repayment of loans can be done via credit/debit cards and bank transfers. It provides loans to sectors such as FMCG, fashion, pharmacy, and more. |
| IndiaLends | Web-based personal loans marketplace | The company uses a proprietary algorithm that aggregates information from data sources like the credit bureau, the application form, social networks, bank statements, etc. Also provides value-added services such as big-data analytics, credit risk assessment and verification and automated workflows for loan origination and management to lenders. |
| Credgenics | Artificial Intelligence and cloud-based debt recovery solutions | Its features include collection strategy, analytics for profiling and collection, automated communication for customer engagement, and more. It provides solutions for alternative dispute resolution, insolvency and bankruptcy, fintech laws, etc. |
| Ziploan (Blue Jay Finlease Ltd) | Application based lending platform for business loans | It offers multiple loan products including working capital loans, machinery loans, MSME loans, and more. It uses automated loan underwriting for the initiation of loans. The application is available on the Android platform. |
| MyMoneyMantra | Online marketplace & comparison platform of financial products | It offers loans such as personal loans, business loans, home loans, and more. It also offers products such as health insurance, wife insurance, credit cards, and more. It also provides tools for calculating loan rates. |
| SecureNow | Online comparison platform for life and non-life insurance | It offers quotes for health insurance, motor insurance, travel insurance, employee compensation, marine insurance, liability insurance, indemnity insurance, and more. It also offers claim assistance solutions for users. |
| Affordplan | Savings platform for medical expenses | Features include savings & financial planning solutions such as online payments, develop savings options, pick up services, enrollment, among others. Also, offers insights to access patients' demographics, redeem benefits, and consultation services. |

1. Healthcare & Wellness Services

It has been observed that Delhi has emerged as one of the major healthcare hubs in the world map for world class healthcare and wellness services. Basic to tertiary health care services are being provided by the public and private sectors and voluntary organizations. The Health Department provides preventive, promotive and curative health care services to the citizens of Delhi. There are 38 Multispecialty and Super Specialty Hospitals, 175 Allopathic Dispensaries, 520 Aam Aadmi Mohalla Clinics, 29 Polyclinics, 60 Seed Primary Urban Health Centers (PUHCs), 49 Ayurvedic, 22 Unani, 108 Homeopathic Dispensaries, 22 Mobile Clinics, covering 78-day shelters & 311-night shelters and 61 School Health Clinics. The bed population ratio in Delhi till 2020-21 has remained at 2.88 which includes 58156 sanctioned beds in 1229 medical institutions (Delhi Govt., Govt. of India, Municipal Corporation of Delhi, New Delhi Municipal Corporation, Other autonomous body, private nursing homes/ hospitals/ voluntary organisations). The percentage of beds in the Medical Institutions operated by Government of India, Delhi Government & Local bodies constituted as 21.85 per cent, 21.56 per cent, 6.12 per cent respectively and beds in private nursing homes/ hospitals/voluntary organizations were recorded at 50.46 per cent. In addition to the well-known government hospitals, Delhi has also showed the highest private sector participation in health sector.

2. Medical Value Travel

Medical value travel is backed by arrival of increasing number of overseas patients in Delhi for last few years. This service sector is largely involved private sector healthcare and wellness services providers. The healthcare services turn costlier in developed countries and healthcare service providers here are providing quality treatment at reasonable price, so number of healthcare and wellness consumers are increasing gradually. People are coming to India for taking various kinds of healthcare and wellness services which can be categorised broadly into three heads viz. (i) Medical Treatment, (ii) Wellness & Rejuvenation and (iii) Alternative Medicine.

- Medical Treatment – Treatment for curative purpose that may include cardiac surgery, organ transplant, hip and knee replacement etc.
- Wellness & Rejuvenation – Offerings focused on rejuvenation of for aesthetic reasons such as cosmetic surgery, stress relief, spas etc.
- Alternative Medicine – Services that includes Ayurvedic, Yoga & Naturopathy, Homeopathy treatment can be bucketed under alternative medicine.

Delhi has well developed healthcare facilities for curative treatment and rejuvenation. In addition, neighbouring and nearby states (Uttarakhand, Uttar Pradesh) are famous for alternative medicines.

3. Tourism & Hospitality Services

Delhi is one of the key arrival destinations for both foreign and domestic tourists. Approximately 8.12 Lakh foreign tourist arrivals (FTA) have been recorded in Delhi during 2020. The State ranked 4th in total foreign tourist visits in 2020 with a number of 6,81,230 foreign tourists. Due to restriction related to COVID-19, the number of foreign tourist visits was decreased significantly, only 1,00,178 foreign tourists visit in 2021. The tourists from all over the world come to Delhi to visit heritages sites, stunning architecture made by British emperor, historic monuments, museums, temples,

memorials, different religious embodiments etc. located in Delhi and surrounding National Capital Region. Connected by extensive Metro network, CNG bus, auto and cab services, electrical public vehicles, flyovers, Delhi becomes an effervescent city in the World Tourist Map. There is an increasing number of medical tourists also to take advantage of its world-class hospitals and nursing homes here.

There are guides (empanelled or non-panelled with State Government) at tourist destinations. The charges of guide service and quality of delivering the service are not standardised. In most of the cases tourists bargain with guides as they do not find its value. The guides only help them to provide information about the tourist destination. But tourists desire to have many other information viz. nearby markets, restaurants, transport, souvenir shops, hotels etc. At present the tourists get such information from guides or people near the tourist spots or using various digital apps. But many times, tourists face reliability, hygiene, safety issues from such people.

According to “Room for Growth” a report prepared by HVS Anarock (a hospitality consultancy organization) in pre-COVID year i.e. 2019, Delhi NCR (NCT of Delhi and Gurugram) is one of the key hotel markets in India which has the lowest proportion of branded hotel rooms compared to other major Asian hotel markets. Delhi is one of the mature hotel markets in India and Delhi-NCR is the largest hotel markets in India. Jakarta Market is the closest competitor which has more than double branded hotel rooms in the Asian market. Other Asian markets which are compared with Delhi-NCR, Mumbai and Bengaluru markets in the report are Tokyo, Beijing, Bangkok, Shanghai and Hong Kong. Delhi NCR had over 29, 000 branded hotel rooms in 2019, whereas, Bangkok, Tokyo, Shanghai and Beijing have branded hotel rooms more than 3, 4.5 and 9 times respectively. Delhi has 1400 rooms per million people comparing to Tokyo has 3680 rooms per million and Hong Kong, Shanghai, Singapore and Beijing have 10000 rooms per million. Revenue per available room in Delhi NCR is low on account of lower average daily rate.¹

According to National Integrated Database of Hospitality Industry (NIDHI), Ministry of Tourism, GOI there are 143 classified and 326 unclassified hotels operational in Delhi. Total number of rooms is 24526. NIDHI registration is voluntary for classification/reclassification of enterprises in hospitality industry to provides contemporary standards of facilities/ services. There are many small hotels which are not registered with NIDHI.

National Restaurant Association of India data says that Delhi NCR is the restaurant capital of India with the highest number of restaurants in the country. There are about 95,187 eateries in Delhi including both organised and unorganised enterprises. Out of this only 32, 777 are organised which have FSSAI number and GST.² Organised enterprises generate annual revenue nearly Rs. 31, 132 Crore. Dine-out frequency in Delhi is the highest as compared to the national average. Delhi eats out about six times a month as compared to national average of 4.5 times a month. Over 3 lakh people employed in Delhi restaurants.

¹ <https://economictimes.indiatimes.com/industry/services/hotels/-restaurants/indias-most-developed-hotel-markets-in-delhi-ncr-mumbai-bengaluru-still-the-smallest-in-asia-report/articleshow/81104062.cms>

² <https://www.livemint.com/industry/retail/dinein-restaurants-in-delhi-worry-about-survival-as-fresh-curbs-come-in-11641823154861.html>

4. Transport & Logistics Services

During interaction with transport association and from secondary information it has been observed that daily around 80,000 trucks ply on Delhi Roads to transport around 9.5 lakh MT of freight. Approximately 25,000 trucks originate from Delhi carrying goods to other parts of country, 20,000 trucks pass through the city and 25,000 trucks are destined for national capital. 40% of these vehicles coming to Delhi are of essential commodities and remaining carries other goods. In addition to NCT of Delhi has the highest air cargo capacity in the country with a share of 30.17%. The State has warehouse capacity only 19646 MT with 97 cold storages having capacity only 1,29,857 MT (average capacity 1311.68 MT). Notably, there is a lack of suitable warehouses within the Delhi state, and hence warehouses in the NCR area (Gurgaon, Sonipat, Noida/Ghaziabad, Faridabad) are being used to store goods to be sent to Delhi or transit through Delhi. Transportation from these warehouses to Delhi or through Delhi to other states further increases the cost and time. Key trends of industrial and logistic market in Delhi NCR shows that third party logistics and e-commerce sectors are driving the major demand in logistic sectors in NCR followed by fast moving consumer goods/ durable goods (FMCG/FMCD), retail and manufacturing products. Omnichannel retail i.e. online/ offline hybrid model will continue to drive new warehousing requirements.

5. Legal Services

This industry consists of establishments that are headed by members of the bar and are primarily engaged in offering legal advice and/or services. Such establishments include attorneys, counselors at law, law offices, lawyers, legal aid services, legal services, patent solicitors' offices, and referees in bankruptcy.

There are few eminent Bar Associations in Delhi. These bar associations are professional body of lawyers who are enrolled members of Bar Council of Delhi. Some of the bar associations are (i) Delhi High Court Bar Association, (ii) Delhi Bar Association, (iii) New Delhi Bar Association, (iv) Shahadra Bar Association, (v) Rohini Court Bar Association. According to Bar council of Delhi there are 140000 advocates registered with the State Bar Council as on 2021. There are 27673 advocate members with Delhi High Court Bar Association. In 2011, number of total advocates in Delhi was 54258.³ At present legal services are being provided to exporters towards arbitration, civil and other corporate affair matters.

6. Educational Services

The Government of NCT of Delhi, through investment of almost 23 per cent of the total annual budget (FY 2021-22) has continuously been thriving to bring transformation of human being and to develop the children responsible, sympathetic, value-oriented citizen of the country. The investment is made towards improving infrastructure facility, developing skilled teaching facility, innovative pedagogy, create talent pool in school and higher school education sector. The Directorate of Education manages 1053 Govt. schools and 204 Govt. aided schools. 70+ thousand teachers teach nearly 18 lakhs students in these schools. Apart from Govt. school, Govt. aided school, there are Central Govt. School, private agencies school, local bodies managed schools prevail

³ <https://www.legallyindia.com/the-bench-and-the-bar/rti-reveals-number-of-lawyers-india-20130218-3448>

in Delhi. Overall student teacher ratio is 29 (2020-21). The government incurred expense of Rs. 63,556 per student on education in 2020-21. New initiatives viz. Delhi Board of School Education, Schools of Specialized Excellence, Business Blasters, Deshbhakti Curriculum, Students mentor programme, Parents outreach Programme, Inclusive Education have been taken by the Government in last few years to provide best quality education at secondary, senior secondary education through participatory approaches of all stakeholders. There are 222 higher educational institutions exists in Delhi which includes universities, deemed universities, colleges for general education, colleges for professional education and institutions of national importance. Delhi Government has 6 state universities (viz. Delhi Technical University, Indira Gandhi Delhi Technical University for Women, Indraprastha Institute of Information Technology Delhi, Delhi Pharmaceutical Sciences and Research University, Netaji Subhas University of Technology, and Delhi Skill Entrepreneurship University) and 77 technical institutes imparting technical education.

There are hundreds of private institutions engaged in coaching to aspirational youths available in Lakshmi Nagar, Mukherjee Nagar, Kalu sarai, Rajendra Place, Karol Bagh etc. Lakshmi nagar is famous for coaching centres associated to chartered accountancy course, Mukherjee Nagar is associated to coaching centres for aspirants for central and state government jobs. Rajendra Place is famous for IAS coaching centres. Significant numbers of coaching centres are also operating in Kalu Sarai, Punjabi Bagh for IIT, NIT, NEET etc. Further, there are several vocational institutions present in different parts of Delhi. Developing NCT of Delhi as knowledge hub, such institutes/coaching centres could be upgraded to provide higher education, professional education to inbound students from various African Countries, Commonwealth Independent States (CIS), and Middle East Countries. Inbound students would get education either at par of their countries or better by using advanced facilities in Delhi. This would also help to increase business for stakeholders in hospitality sector.

Growth Drivers in the Services Sector at National Level

| Sector | Growth Drivers |
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| Banking Sector | <ul style="list-style-type: none"> In September 2021, the Reserve Bank of India collaborated with the Monetary Authority of Singapore for a project to connect their respective fast payment systems by July 2022. RBI announced new auto debit rules with a mandatory additional factor of authentication, effective from October 1, 2021 to enhance the safety and security of card transaction. |

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| Healthcare Sector | <ul style="list-style-type: none"> Indian companies are entering into merger and acquisitions with domestic and foreign companies to drive growth and gain new markets. In October 2021, GOI approved the establishment of 157 new medical colleges to boost accessibility of affordable health treatments in the country. |
| Telecommunication Sector | <ul style="list-style-type: none"> India is currently the second largest telecommunication market and has the second-highest number of internet users in the world. In June 2021, Bharti Airtel and Tata Group announced their collaboration to implement Open-RAN-based 5G radio and core solutions in India. |
| IT & ITeS Sector | <ul style="list-style-type: none"> The business process outsourcing services is expected to grow at a CAGR of 5.8% to reach US\$ 8.8 billion by 2025, driven by a rising demand for outsourcing knowledge-based and vertical-specific processes. The rollout of 5G wireless technology in India is expected to bring US\$10 billion global business to Indian IT services firms by 2025. |

Central and State Govt. Policies/ Schemes

States are proactive to support the existing services enterprises and encouraging aspirants to set up new enterprises in service sectors. Every state is promoting eco-friendly, pollution free service-based enterprises. Some of the state policies/ schemes are listed here.

| Schemes & Departments | Scheme Benefits |
|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Services Exports from India Scheme (SEIS), Ministry of Commerce & Industry, Govt. of India | <ul style="list-style-type: none"> Providing duty scrip credit for eligible exports Reward 3 to 5 percent of net foreign exchange earned is given for Mode 1 and Mode 2 services SEIS incentive 2% to notified services |
| Digital Connectivity Initiatives, Govt. of India | <ul style="list-style-type: none"> Under Union Budget 2021-22, the government allocated Rs. 7000 crores to the BharatNet programme to boost digital connectivity across India. |
| Health Data Management Policy, Govt. of India | <ul style="list-style-type: none"> National Digital Health Mission is conceptualised to provide unique health ID to every Indian and revolutionise the healthcare industry by making it easily accessible to everyone in the country. |
| Electronic Hardware Manufacturing Policy of Tamil Nadu, 2020 | <ul style="list-style-type: none"> In 2020, the Government of Tamil Nadu announced a new electronics & hardware manufacturing policy aligned with the old policy to increase the state's electronics output to US\$100 billion by 2025. Under the policy, it aims to meet the requirement for |

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| | incremental human resource by upskilling and training more than 100000 by 2024. |
| Gujarat Health Policy (2016-2022) | <ul style="list-style-type: none"> • Scheme for establishment of new self-financed (green field) medical collage • Scheme for establishment of new self-financed (brown field) medical collage at Govt. Hospitals • Scheme for starting new super-specialty hospital in private sector • Scheme for purchase of equipment to provide healthcare facilities by private and non-government organizations • Incentive Scheme for establishment of new self-financed (green field) medical colleges with hospitals equipped with high-end facilities in the state |
| Gujarat IT/ ITeS Policy 2022-2027 | <ul style="list-style-type: none"> • Financial assistance to investment towards 25% of the eligible capex expenditure subject to maximum Rs. 50 Crore (category -1) and Rs. 200 Crore (category -2). • Financial assistance to annual eligible operational expense 15% subject to maximum Rs. 20 Crore (category-1) and Rs. 40 Crore (category-2) for a period five years from the date of eligibility. • Interest subsidy to IT/ITeS enterprises at 7% on term loan or the actual interest paid with a ceiling of Rs. 1 Cr per annum for a maximum period of five year from the start date of interest payment. • Onetime employment generation incentive 50% of one month's CTC up to Rs. 50000 per male and Rs. 60000 per female employee for eligible IT/ITeS enterprises. • Enterprises can claim the entire amount of electricity duty paid by them under electricity duty incentive for initial five years. |
| Karnataka Integrated Public Health Policy 2017 | <ul style="list-style-type: none"> • Ensure quality healthcare services that are affordable and accessible • Strengthen primary & secondary healthcare • Integrate AYUSH into mainstream healthcare services • Ensure skilled health workforce • Implement electronic medical records and smart cards for efficient healthcare information • Incremental infrastructure development in line with Indian Public Health Standards |
| Karnataka IT Policy 2020-2025 | <ul style="list-style-type: none"> • Financial support of up to 20% of fixed investment for infrastructure (excluding the cost of land), subject to a ceiling of INR 3 crores, whichever is lower for IT hubs/ clusters. • Financial support of up to 33% of fixed investment for infrastructure (excluding the cost of land), subject to a ceiling of INR 2 crores, whichever is lower for co-working spaces/ plug and play infrastructure. • Lease/ rent reimbursement at the rate of Rs. 10/- per sq.ft will be provided to IT/ITeS entities, setup outside |

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| | <p>zone 3 up to a maximum amount of Rs. 3 Lakhs overall, for a period of 1 year, applicable once during the policy period.</p> <ul style="list-style-type: none"> • Lease/ rent reimbursement at the rate of Rs. 1000/ per seat will be provided to IT/ITeS entities, setup outside zone 3 up to a maximum amount of Rs. 6 Lakhs overall, for a period of 1 year, applicable once during the policy period. • Stamp duty exemption 75% in Mysuru, Hubballi, Dharwad, and Mangaluru, and 100% for all other Zones except Zone 3. • Quality certification cost reimbursement to 50% with an overall ceiling of Rs. 6 Lakhs (with maximum of 3 industry standard quality certification) for IT/ITeS entities, setup outside Zone 3. • Marketing cost reimbursement to 30% of actual cost incurred including travel for international marketing through trade show/ exhibition participation, up to Rs. 5 lakhs per entity outside Zone 3 and can be availed once in policy period. • Patent cost reimbursement Rs. 2 lakhs and Rs. 10 lakhs for domestic and international patents respectively. • Financial assistance for R & D projects in the domain of 5G technologies up to 33% of the total project R&D cost, maximum up to Rs. 1 crore. |
| Maharashtra IT/ ITeS Policy 2015 | <ul style="list-style-type: none"> • Up to 100% additional floor space index (FSI) or floor area ratio (FAR) to all registered public and private IT/ITeS parks, IT SEZs or IT parks in SEZs and to stand-alone IT/ITeS units in public IT Park which have been approved by Directorate of Industries, set up under IT/ITeS policies shall be made available with and without premium based on the area. • Promotion of integrated IT Township for the workforce. • Power consumed will be charged at industrial rate. • Creation of Critical Infrastructure Fund for IT/ITeS Industries. • Stamp duty exemption up to 100% for new and expansion of existing IT/ITeS entity, including IT hardware and telecom hardware manufacturing units based on locality of establishment. • New enterprises registered with the Directorate of Industries and set up in IT/ ITeS parks will be exempt from electric duty from the date of commencement of production/ activity for a period of 10 years / 15 years based on the locality of the park. • Enterprises can avail power tariff subsidy, property tax benefits etc. as applicable. |
| Uttar Pradesh IT & Start-up Policy 2017-2022 | <ul style="list-style-type: none"> • Fiscal incentives for IT/ITeS enterprises are available for interest subsidy, stamp duty exemption, reimbursement of electricity duty, certification |

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| | incentives, recruitment assistance, reimbursement of patent filing cost. |
| Uttar Pradesh Tourism Policy 2018-2023 | <ul style="list-style-type: none"> • Capital Investment Subsidy 15-20% for setting up of new accommodation units by eligible tourism enterprises maximum up to 7.5 Crore. • Interest Subsidy 5% of the loan amount (loan amount should not exceed 5 Crore) maximum up to 25 Lakh per annum for a period of 5 years after commercialization. • 100% Stamp duty and registration fee exemption for eligible tourism enterprises on sale/ lease/ transfer of land for the first transaction. • Land use and conversion charge for all new tourism enterprises for building of accommodation. • 75% of cost of energy audits maximum up to RS. 50000 would be given to eligible units for setting up of sustainable green energy tourism enterprises. • 20% of the capital cost for setting up effluent/ sewerage treatment plant subject to maximum Rs. 20 Lakh would be reimbursed to eligible units. |

Proposed Activity Plan

The activity plan proposed here is drawn based on the stakeholders' consultation and reference from few other states which are performing well in specific service sectors.

- **Services Sector Policy Framework** – The services sector is closely intertwined with manufacturing sector and at times any reform measures introduced in manufacturing sector will have implications in the services sector. It may not always be possible to distinguish and identify many a possible reform measures that impact the services sector alone. Keeping this in mind, a service sector policy framework needs to be developed which would include required guidelines for promotion of IT and ITeS, health and wellness delivery services, medical value travel, legal and educational services.
- **Centre of Excellence** – The State Government needs to create Centre of Excellence to undertake research and development to promote new technology, innovation in service sectors. This centre would actively engage with services industry owners and promote new technologies in every service sector as much as possible. New collaboration with national and international institutes, industry associations would be developed in this centre. Thought Leadership, process innovation, capacity building would be expected outcome of this centre
- **Business Incubator** – The State Government already promotes entrepreneurship through its various programmes. There is a need for setting up of Technology Business Incubators in collaboration with leading academic

institutions. This collaboration would aim at fostering innovation, by utilizing talent, expertise, and infrastructure already available with the host institution.

- **Adoption of standards in services** – Service standards are necessary for employees, customers, potential customers and management of a business. Service standards help in improving trade prospects of a service entity. The standards not only indicate specific quality but also reduce barriers created by different cultures, geographics, or languages across various regions. The Government should implement standards in services in phased manner, beginning with focusing on those services, in which some awareness of national and international standards exists in service providers and consumers. Services that necessitate consumer safety and security should have mandated standards e.g. Healthcare and Wellness.
- **Ecosystem Engagement** – Services sector ecosystem needs strengthening by involving various stakeholders viz. entrepreneurs, experts, policy makers, govt. officials, institutions, bankers etc. Involvement of these stakeholders would help to evolve strategy to establish Delhi as services sector capital, build a brand, showcase inherent strength. Few activities are given here for engagement with the ecosystem.
 - i. **NRI Engagement Programme** – The State Government may encourage Non-resident Indians from hometown Delhi to invest in service-based enterprises in Delhi. The Government needs to draft an NRI Policy for allowing NRI investment in India. The NRIs who have established themselves/ businesses overseas would have an opportunity to relocate/ expand businesses in their hometown.
 - ii. **Regulatory Sandbox Enablement** – To promote new technology, innovation in different parts of the services sector value chain a regulatory sandbox to be set up under Chairmanship of Hon'ble Chief Minister, to bring new and emerging technologies under a legal framework until appropriate law is enacted.
- **Talent Development Programme** – Services sector always requires well trained manpower. The State Government should recognize talent and strives to meet the expectation of the industry. This could be done through linkages with academia, technical institutes. Delhi Skill and Entrepreneurship University already have various vocational and skill development course curriculum and they have partnered with several industry owners. The Government should tie up with sector skill councils to train available manpower for industry readiness. Sector skill councils are set up as autonomous industry led bodies by National Skills Development Corporation, GOI.
 - i. **National Apprenticeship Training Scheme** – In 2016, National Apprenticeship Promotion Scheme (NAPS) was launched by MSDE, GOI to promote apprenticeship and thereby increase engagement of the apprentices. The apprenticeship includes on-the-job training and basic training at workplace in the industry.
 - ii. **Skill Development and Upgradation Programme** – Skill development and upgradation programme would be designed to reskilling and skill upgradation of workforce which would be affected by the change and evolution in technology. The programme would focus on NSQF level 5 and above.
 - iii. **Industry Mentorship Programme** – The new talent/ workforce would undergone through industry mentorship programme to have basic

operational knowledge, understanding of standardization and quality aspects of the services sector industry. The State Government would develop industry specific mentorship programme in collaboration with services sector industry associations. Such programme would increase employability of the candidate.

- iv. **GST Assistant Cadre** – Workforce would also be trained on necessary compliances and documentation for filling GST.
- **Financial Incentives** – The Government should make a provision for financial incentives for promotion of service enterprises in the State. Financial assistance towards procurement of capital assets, payment for stamp duty, energy cost, interest repayment, quality certification, market assistance, tax exemption for initial 3-5 years would be beneficial for the enterprises.
- **State Level Awards** – To encourage enterprises in services sector, an annual award function would be helpful. Award Committee would reward top 3-5 services enterprises in each service category with trophy, prize money and certificates.
- **Infrastructure Development** – There is a requirement of hard infrastructure for growth of services sector enterprises such as co-working spaces, common servicing/ facility centre apart from industrial park set up.
- **Annual Business Summit** – Annual Business Summit for services industry would be held every year which include technical sessions, business delegation meet, exhibitions, trade shows, forge partnership and collaborations with national and international agencies.
- **Potential Market Access** – The Govt. of India has signed Free Trade Agreements for services with Malaysia, Singapore, Japan, Korea, and ASEAN countries. The State Government should leverage this by arranging study or surveys for identifying potential export markets, encouraging service enterprises to participate international trade fairs, sending business delegation to foreign countries.

Services Sector Specific Intervention

During interactions with service sector specific associations, suggestions are received from the stakeholders. These suggestions are collated here as sector specific interventions. Service sector association from IT & ITeS (Federation of All India IT Associations (FAIITA), Medical Value Travel (Foundation of Healthcare and Wellness Promotion, (FHWP), Tourism & Hospitality (Indian Association for Tour Operators (IATO), Transport & Logistics (All India Transporters Welfare Association, (AITWA) were consulted and their suggestions received. Minutes of the meetings of these discussions are attached as annexures (please refer Annexure – 1, 2, 3, and 4).

- **IT & ITeS** – There are hundreds of knowledge-based service enterprises operating from small premises with various difficulties. These kinds of enterprises do not require much investment for machines or hardware. Intelligence, technical knowledge, software, uninterrupted power supply, dedicated satellite line, video-conferencing facilities are some of the requirements. Some of the requirements are intangible in nature and remaining are not very costly assets. So main challenge for major new service entrepreneurs is arranging finance to start the business.

- i. Delhi IT & ITeS Policy with implementable guidelines is need of the hour.
 - ii. GNCT of Delhi need to encourage such kind of units by providing plug and play sort of facilities on affordable rent for initial 3-5 years.
 - iii. Create a seed fund or one-time loan up to Rs. 10 Lakh with minimum rate of interest to start the business.
 - iv. Setting up of IT & ITeS Hub/ Park for promoting MSMEs at one place which would be convenient for monitoring of units.
 - v. Institutional collaboration for skilled manpower is very much required.
 - vi. Single point of contacts at Industry Department would be helpful for entrepreneurs.
 - vii. GNCTD may facilitate implementation of MSME Champion Schemes for upgradation, standardization of MSMEs and become competitive.
 - viii. Awareness programme for financial linkages, UDYAM registration, market connect would be beneficial for MSMEs.
- **Financial Technology** – During interaction with FinTech entrepreneurs it has been observed that major challenges for this kind of entrepreneurs are initial funding to set up technical platform, channel partner, convincing investors, proper office space, skilled resources.
 - i. A designated area needs to be allocated to provide spaces and basic infrastructure facilities to financial technology enterprise. Fintech Park could be one such option. SIDBI Cluster Development Fund may be explored for setting up such park.
 - ii. A corpus should be created to incentivize Fintech start-ups for the initial 2-3 years.
 - iii. A curriculum would be developed for full time courses and professional courses in Fintech. It would help to have skilled resources.
 - iv. GNCT of Delhi may facilitate handholding support to FinTech entrepreneurs for onboarding investors.
- **Healthcare and Wellness** – There are two type of healthcare delivery facilities available in Delhi – private and public healthcare services. Strengthening of healthcare delivery facilities is very important to diagnosis the disease at the earliest, and start medication to save the patient. Recent COVID 19 pandemic shows that healthcare delivery facilities were very poor in shape in both private and public healthcare and wellness services. Basic sample test results took 8-10 days during peak spreading time and by that time condition of patients deteriorated. There are hundreds of small pathological labs, doctor's clinic operational in Delhi.
 - i. GNCT of Delhi may consider to establish a common healthcare delivery facility at various places, certified from National Accreditation Board for Testing and Calibration Laboratories (NABL) with advanced equipment for telemedicine and teleconsulting. This common healthcare delivery facility would provide services of regular consultation from general physician and specialist and would be connected to 30-40 such pathological labs and Mohalla clinics in a particular locality. This facility would have testing and surgical facilities which require high cost technical equipment. The patients would get healthcare services at cheaper cost. The State Government would seek proposal from non-profit, non-government organization, Section 8 company having experience in healthcare delivery system to operationalize the common healthcare delivery facility on service

charge basis. The organization / company would arrange premise/ building for establishment of such facility, State government would support in getting administrative approvals, and provide one-time infrastructure (equipment & miscellaneous fixed assets) up to maximum Rs. 5 Cr. This centre would provide costly testing facility, consultation of general physician and specialist at a nominal fee so that low income to mid income group of citizens of Delhi from nearby locality can avail the services.

- ii. GNCT of Delhi may also consider to implement projects to set up teleconsulting, telemedicine and upgrade Mohalla Clinics. There are few non-government agencies who implement CSR funds and set up such centre in coordination State health department. These agencies provide equipment as well as training to operate the equipment.

- **Medical Value Travel** – Delhi has hundreds of medical value travel facilitator organisations/units operating in medical value travel sector. There are private hospitals which have strong connection with these facilitators and significant amount of their businesses are from overseas patients. More than 90% of these facilitators fall under MSME category. These facilitators generate significant amount of foreign exchange as most of the units fetch their customers (patients who look for good treatment at affordable cost) from outside India (Afghanistan, Iran, Turkey, Oman, African countries).
 - i. Delhi should be promoted as preferred medical value travel destination. GNCT of Delhi may form a taskforce/ committee/ division to prepare policy, strategy, guidelines, implementation plan, parameters etc. for this sector.
 - ii. GNCT of Delhi may develop activity plan for organising awareness programmes, seminars/ exhibitions, credit linkages, developing international connects through discussion with high commission office or embassy to support the sector.
 - iii. The State Government should frame State Medical Value Travel Policy to attract international patients and provide them with a tout-free experience. This policy should aim to bring transparency by requiring registered hospitals and wellness centres to put out their rate charts, details of the procedures they offer, their success rates to allow foreign patients to choose what suits them the best.
 - iv. The hospitals and wellness centres should be required to give information regarding qualification of experts, display validated clinical outcomes and maintain minimum standards of facilities, safety and hygiene.
 - v. GNCT of Delhi should also form a Medical Value Travel Board to look after various issues pertaining to medical tourism and implementation of Medical Value Travel Policy. The board should create a database of nationalities of visiting patients and treatment undertaken so that targeted marketing and promotion plan can be run in selected countries.
 - vi. Interpreter services need to be promoted to overcome language related barriers faced by international patients. This would also help in documentation of treatment details.
 - vii. GNCT of Delhi may develop an empanelment/ registration system to recognise genuine businesses after fulfilling some predetermined

criteria/ parameters in order to avoid misleading of foreign patients by touts and agents.

- **Transport & Logistic** – Sanjay Gandhi Transport Nagar and various market surrounding areas are fully occupied by the small transporters and their fleets. It causes traffic congestion in those areas. Due to traffic congestion, cost of transport as well as pollution level is increasing. There is no incentive for transporters and logistic owners. Business running cost is increasing day by day. GNCT of Delhi may consider some fiscal incentives on bank interest for them. All the transporters and logistic owners have high amount of bank loans and they are paying hefty amount of interest.
These human resources mostly learn on the job capacity and they do not have formal training of driving or mechanic activity. There is a need for checking formal training before issuing driving license or renewal of license. Similarly, the mechanics or workshop mechanics require training of equipment handling, maintenance of goods vehicle etc. Such kind of awareness programme, orientation/ refresher programme may reduce road accident and keep the vehicle fit condition for long time.
 - i. Creation on multi facility logistic park at major entry point of the State is required.
 - ii. Adoption of digital technologies by transport and logistic sector can reduce cost of the fleet and make the business competitive.
 - iii. The workforce in this sector is highly unorganized and upgradation of skill level in this sector is very important.
 - iv. Fiscal incentive on bank interest would be beneficial for transport and logistic sector MSMEs.
 - v. Awareness programmes on UDYAM registration, MSME schemes are required.
- **Tourism & Hospitality** – There are few hundreds of tour operators and travel agents operating in Delhi. However, the Indian Association for Tour Operators (IATO) has more than 600 registered members in NCT Delhi who are operating mostly as tour operators, travel agents and accommodation providers. Around 90-95% members are categorised as MSMEs.
 - i. The State needs to organize 2-3 tourism events throughout the year in collaboration with tourism and hospitality associations. In addition, one annual event for 7-10days would also help to promote its hospitality services. Such events would include visit of historic places, sightseeing, culinary competition, theater competition, heritage walks etc. to engage local people in the events.
 - ii. Delhi could be made and promoted as MICE (Meetings, Incentives, Conferences, Exhibitions) tourism hub as it has lot of potential for MICE activities.
 - iii. Hiring of professional Public Relation Agency/ Consultants and develop roadmap for next 10 years for Delhi Tourism and Travel sector in collaboration with association.
 - iv. Facilitate administrative and financial support to organise/ participate travel and tourism events in other states.

- v. Categorise the enterprises based on turnover/ number of services provided per annum and introduce incentives in the form of discounts/ rebate in license fee, road taxes, fitness renewal charges, energy cost (electricity cost) at tour operators premises.
 - vi. Earmarking of parking places for tourist vehicles at various tourist attraction points to reduce congestions and parking problems.
- **Educational** – GNCT of Delhi may facilitate an educational portal that provides information to facilitate study of foreign students in various institutions of Delhi. This portal would provide information pertaining to various courses, duration, course fee, eligibility condition, lodging & boarding facilities, etc. Creation of additional infrastructure in educational institutions for foreign students such as residential facilities may be required to host them at reasonable price in a safe and secure environment.

Annexure -1

Minutes of the discussion with Delhi FAIITA representatives on 24th November, 2022

A discussion was held with the Federation of All India IT Associations (FAIITA), Delhi representatives at Ranjeet Nagar Commercial Complex, New Delhi on 24th November 2022. FAIITA represents manufacturers, service providers, traders, dealers, retail business owners in India in IT and ITeS sector. FAIITA is an apex umbrella association in India. It has its state representative associations in almost 25 states in India. Computer Media Dealers Association from Delhi is one of the state level associations registered with FAIITA and represents FAIITA in Delhi. This association has nearly 150 organised manufacturers, assemble units, service providers, traders as its members within NCT of Delhi. 95% of these members are categorised as MSMEs. This discussion was held to get inputs from the association on challenges faced by enterprises in IT & ITeS sector and probable solutions for supporting growth of service sectors in NCT Delhi.

Members Present –

1. Puneet Singhal, President, Computer Media Dealers Association
2. Hemant Grover, Vice President, Computer Media Dealers Association
3. Manoj Khanna, Secretary, Computer Media Dealers Association

4. Rajesh Matto, Joint Secretary, Computer Media Dealers Association
5. Anijit Bhattacharya, SIDBI PMU (GT)
6. Sandeep Sharma, SIDBI PMU (GT)

During the Discussion, following points were discussed: -

- Higher labour wage: Labour wage in Delhi is nearly doubled than neighbouring states (Haryana, Uttar Pradesh). Hence, IT hardware assembling enterprises, and manufacturing enterprises which mostly require manual labour, are already started shifting to nearby areas in Haryana and Uttar Pradesh in last few years. These units create jobs in other states.
- High cost of commercial premises: Due to high cost of office premises, warehouses, the trading units and dealers are shifting their warehouses or logistics centre in NCR areas. New enterprises are also choosing IT hubs in NCR areas because of either plug and play facilities at reasonable cost or lower rate of commercial spaces. This is a loss for the state economy.
- Multiple points of contact: The business entities are still facing harassment for completing business compliances as per government norms. Getting all the compliances completed need visits to various offices and is a time taking process. Single point of contact is the need of the hour.
- Redevelopment of infrastructure: IT and ITeS related enterprises are located in very scattered manner in different industrial areas, commercial places. These enterprises are mostly hardware assemblers, IT accessory manufacturers, hardware servicing units, dealers etc. Infrastructure of most of the industrial areas are very poor. Few industrial/ commercial areas are more than 50 years old and need urgent attention for redevelopment.
- Reducing competitiveness: Entrepreneurs become non-competitive comparing to neighbouring states as their competitors are receiving financial assistance as incentives from the state governments. Similarly, profit margin of this sector is gradually decreasing due to increase in competition from e-commerce platform, raw material cost, administrative and establishment cost for running an enterprise.
- Industrial incentives: The association requested to introduce fiscal incentives on energy cost, registration of business property, procurement of capital asset, labour wages, rebate in taxation for establishment of new enterprises or expansion of businesses under white/ green category for initial five years.
- Promotion of EV as commercial vehicle: Small utility commercial electric vehicle needs to be promoted which would overcome restriction of commercial vehicle plying in Delhi either during peak hours of the day or as pollution control measures. Due to traffic restrictions, product shipment cost and time increases which leads to increase in receivables cycle.
- Financial support: There is a need for adequate and timely finance for new enterprises at reasonable cost. In most cases, entrepreneurs in IT or ITeS sector do not need huge plant and machinery to run a business. Banks are not entertaining finances without collateral which compels new micro enterprises to get loan from money lenders at higher cost for initial years of their businesses. Existing business owners mostly requires working capital within very short time span. They also face constraints to arrange it. Institutional partnership with banks would be an option to overcome it. New enterprise may have seed capital assistance from the state up to 1/3rd of the project cost. This could be fix in consultation with industry associations/ trade bodies. The State Govt. may collaborate with CGTMSE and industry associations to overcome

bottleneck of non-financing by the banks under CGTMSE and promote collateral free loan up to Rs. 2 Cr.

- **State Policy for IT and ITeS:** This sector is comprising of majorly three activities software development, hardware development and development of integration process. This sector also includes various repair and maintenance services of items. Hence it cannot be generalised with other manufacturing sector. The State Govt. needs to introduce IT and ITeS policy for holistic development of this sector. The policy should have a fixed percentage of procurement norm from Delhi based manufactures, retailers, dealers, traders and promotional activities for market support to the entrepreneurs.
- **Skill development:** This sector majorly depends on skilled and semi-skilled workforce for different level of works. Industry and Skill development institute may enter into partnership for creating employable skill force and reduce production cost at enterprise level.
- **Change of ownership:** The entrepreneurs are struggling to convert ownership of the business properties from leasehold to freehold. In the last four-five decade, the land-owning agency has auctioned plots in different parts of the Delhi for development of planned commercial complexes/ centres. The land-owning agency sold it to builder on leasehold basis and the builders sold it to the entrepreneurs on sub-lease under a builder-buyer agreement. The state government needs to take it up with appropriate authority and may pursue the issue with land owning agency and assist the business owners in necessary formalities in changing ownership. The state government would collect 7% Stamp duty on circle rates for changing ownership from leasehold to freehold.
- **Power supply:** Some industrial/ commercial areas face frequent power cut which causes production or business loss. Uninterrupted power supply at reasonable rate is required.
- **Transport restriction:** The unit owners face restriction from traffic police for carrying IT and ITeS hardware in their own private vehicles during visiting their clients or prospective buyers for demo/ sample approval purpose. There is a need to consider the issue with transport / motor vehicle department to have a review with trade bodies and solve it. Norms may need an amendment or modification.
- **Welfare Fund:** During COVID-19 the business owners faced very severe business losses. To mitigate such unprecedented events in future a welfare fund for the Delhi based business owners needs to be created. This welfare fund may also be utilised to honour senior citizen business owners with some preferential discounts in their business processes to an extent for their contributions in the state economy.
- **IT and ITeS Hub:** The State Government in consultation with trade organisations may develop an IT and ITeS hub in NCT Delhi. This hub would have separate product specific segments as per quality standards/ BIS norms for product designing, prototype developing, quality testing, certification, logistics for supply chain management etc.
- **Suggestions:**
 - Delhi needs an IT and ITeS policy with implementable guidelines for MSMEs
 - There is a requirement of IT and ITeS hub to provide space at affordable price for MSMEs. It would be convenient for the State Government to promote and monitor green category, pollution free enterprises.
 - The State Govt. may facilitate institutional partnership with technical institute or skill development institute for creating skilled manpower for this sector.

- State Govt. may organise awareness programmes and facilitate financial clinics in the industrial areas in collaboration with banks to create credit connect.
- GNCT of Delhi may introduce fiscal incentives for new and existing MSMEs and support them to overcome financial challenges.
- Industry Department may set up a single point of contact for interaction with entrepreneurs and guide them.
- Industry Department may facilitate implementation of MSME Champion Schemes for upgradation, standardization of MSMEs.

Annexure – 2

Minutes of the discussion with IATO representatives on 25th November, 2022

A virtual (online) discussion was held with the Indian Association of Tour Operator (IATO), Delhi representatives on 25th November 2022. IATO is the national body of the tourism industry. It has over 1700 registered members across the nation covering all segments of tourism industry. It has more than 600 registered members in NCT Delhi who are operating mostly as tour operators, travel agents and accommodation providers. Around 90-95% members are categorised as MSMEs. This discussion was held to get inputs from the association on challenges faced by enterprises in and probable solutions for supporting growth of service sectors in NCT Delhi.

Members Present –

1. Rajiv Mehra, President, Indian Association of Tour Operators
2. Pronab Sarkar, Immediate Past President and Office Bearers, Indian Association of Tour Operators
3. Anijit Bhattacharya, SIDBI PMU (GT)
4. Sandeep Sharma, SIDBI PMU (GT)

During the Discussion, following points were discussed: -

- Promotional and Marketing Activity: After COVID-19 tourism sector is gradually bouncing back to its normal operations in last few months. Other states are organising travel and tourism promotional events. The State Government also needs to organise seminars / workshop/ exhibitions for travel and tourism related enterprise at prominent place like Pragati Maidan. Travel and tour operating enterprises would put their stall. DSIIDC/O/o Commissioner of Industries may support IATO for organising such tourism promoting events in Delhi wherein most of the financial support will be from GNCT Delhi and IATO will organise the events. IATO will invite buyers from overseas and showcase tourism destinations of Delhi (hotels / monuments / Delhi Haat /restaurants /handicrafts/markets etc.). The funds for such events may be leveraged from the Ministry of MSME, GOI marketing assistance scheme.
- Collaboration and Integration of Departments: The travel and tourism enterprises are registered in UDYAM portal as service-based enterprises. Being an industry, it comes under purview of Commissioner of Industries, whereas Delhi Tourism department has

mandate for showcasing Delhi as tourist destination, maintenance and creating of tourist attractions. Delhi Tourism is also nodal agency to issue license to travel agents and tour operators which is mandatory. Delhi Transport department registers tourist vehicles. The association suggests for collaboration and integration of these departments developing promotional and development activities for the tourism and travel sector enterprises.

- **Skilled human resource:** Tourism sector requires trained staff, tourist guides, drivers. These people need to train soft skills, etiquette, communication in proper Hindi and English. Sometimes the sector requires multilanguage tourist guides / interpreter to serve international tourists. GNCT Delhi may approach DSEU for making tailor made course in consulting IATO and train people. This will not only generate employment to Delhi youth but also give IATO members skilled manpower.
- **Fiscal Incentive & Financial Support:** The tour operators and travel agents mostly require working capital support at reasonable interest rate. Most of these enterprises already taken loan from banks providing collaterals and now they require collateral free advances. It has been discussed that tour and travel operators approached banks for collateral free advances under CGTMSE but they did not get success. IATO seeks fiscal incentive and financial support from the GNCT of Delhi and requested for serious attention on this, because the association has many members who have offices in Delhi. Fiscal incentive and financial support would help them to stabilise their business now. This would generate revenue for Delhi Govt. and employment for Delhi residents.
- **Registration/ Licensing:** There is an increase of numbers of tour operators and travel agents in last few years in Delhi who are practicing unethical businesses. This section of enterprises does not have license from Delhi Tourism. Genuine businesses are getting hampered by this section enterprises. The GNCT of Delhi may take serious implementation of registration for these enterprises and promote level playing field for all the stakeholders.
- **Shifting of Enterprises:** The association has observed a shift of enterprises to NCR areas due to high cost of commercial spaces/ office rent, getting 8 (eight) years permit for tourist vehicles, higher labour wages at workshops, increased overhead cost etc. The association suggested to re-start 8 (eight) years permit and annual pollution check by the transport department to restrict some part of enterprise shifting to NCR areas.
- **Suggestions:** The association representatives suggested followings –
 - Delhi could be made and promoted as MICE (Meetings, Incentives, Conferences, Exhibitions) tourism hub as it has lot of potential for MICE activities.
 - Hiring of professional Public Relation Agency/ Consultants and develop roadmap for next 10 years for Delhi Tourism and Travel sector in collaboration with association.
 - Facilitate administrative and financial support to organise/ participate travel and tourism events in other states.
 - Categorise the enterprises based on turnover/ number of services provided per annum and introduce incentives in the form of discounts/ rebate in license fee, road taxes, fitness renewal charges, energy cost (electricity cost) at tour operators premises.
 - Earmarking of parking places for tourist vehicles at various tourist attraction points to reduce congestions and parking problems.

Annexure – 3

Minutes of the discussion with AITWA representatives on 5th December, 2022

A virtual (online) discussion was held with the All India Transporters Welfare Association (AITWA). It was established in the year 2000 as a society registered under Societies Registration Act, 1860 for the welfare of India's Road Transport Fraternity and to act as its mouthpiece in the matters related to country's Road Transport Industry. During the past Twenty-one years, AITWA has been recognized as one of the foremost apex bodies of India's Road Transport Sector by the Ministry of Road Transport and Highways (MoRTH). AITWA members are majorly falls under small and medium category service enterprises. This discussion was held to get inputs from the association on challenges faced by enterprises in and probable solutions for supporting growth of service sectors in NCT Delhi.

Members Present –

1. Jai Prakash Singla, Office Bearer, All India Transport Welfare Association
2. Anijit Bhattacharya, SIDBI PMU (GT)
3. Sandeep Sharma, SIDBI PMU (GT)

During the Discussion, following points were discussed: -

- Skill development for Driver and Mechanic: This sector engages mostly non-trained human resources as drivers and mechanics. These human resources mostly learn on the job capacity and they do not have formal training of driving or mechanic activity. There is a need for checking formal training before issuing driving license or renewal of license. Similarly, the mechanics or workshop mechanics require training of equipment handling, maintenance of goods vehicle etc. Such kind of awareness programme, orientation/ refresher programme may reduce road accident and keep the vehicle fit condition for long time.
- High cost of logistic space: Transporter and Logistic owners are paying high rent for their fleet or warehouses. In last few years the cost has increased by nearly 2 times.
- Logistic Park: GNCT of Delhi may think to develop small multifacility logistic park on PPP mode for the transporters. Existing transport nagar is now very congested and become part of the city.
- Fiscal Incentive: There is no incentive for transporters and logistic owners. Business running cost is increasing day by day. GNCT of Delhi may consider some fiscal incentives on bank interest for them. All the transporters and logistic owners have high amount of bank loans and they are paying hefty amount of interest.
- Suggestions: The association representatives suggested followings –
 - Creation on multi facility logistic park at major entry point of the State is required.
 - Adoption of digital technologies by transport and logistic sector can reduce cost of the fleet and make the business competitive.
 - The workforce in this sector is highly unorganized and upgradation of skill level in this sector is very important.
 - Fiscal incentive on bank interest would be beneficial for transport and logistic sector MSMEs.

- Awareness programmes on UDYAM registration, MSME schemes are required.

Annexure – 4

Minutes of the discussion with FHWP representatives on 15th December, 2022

A discussion was held with the Foundation of Healthcare and Wellness Promotion (FHWP), Delhi representatives on 15th December 2022. FHWP was formed in 2018 as a non-profit organisation and registered under Societies Act. It has member units operating in medical value travel sector and hospitals. It has 150-member units in NCR areas which includes 25 hospitals. More than 90% of the member units fall under MSME category. The units generate significant amount of foreign exchange as most of the units fetch their customers (patients who look for good treatment at affordable cost) from outside India (Afghanistan, Iran, Turkey, Oman, African countries).

This discussion was a part of development of a proposal on growth of service sectors in Delhi and held to get inputs from the association on challenges faced by the service enterprises and suggestions.

Members Present –

1. Dalip Kumar Chopra, President, Foundation of Healthcare & Wellness
2. Anijit Bhattacharya, SIDBI PMU (GT)
3. Sandeep Sharma, SIDBI PMU (GT)

During the Discussion, following points were discussed: -

- Business process: Medical value added travel enterprises offer end to end services to its customers starting from identification of required treatment talking to doctors and patients in overseas; getting treatment plan, protocol, profile of doctors, estimates and visa invitation letter from reputed hospitals in Delhi; connects patient and associates with selected hospitals; facilitates budget wise safe and secure accommodations; sends them back to their country and follows up for some period during recovery stage. The turnaround time for this business process takes 3-4 months. The travel enterprises have offices in overseas countries with highly educated and skilled manpower as they are the first point of physical contacts for patients and their associates.
- Recognition: Medical value travel operators are different than luxurious travel and tour operators. It requires strong network with reputed hospitals, safe and secure accommodation providers, healthcare service providers, understanding of treatment plan, protocol etc. Unfortunately, these enterprises are not recognised as a separate service enterprise. They are treated as either travel agents or health consultancy organisations. The State Government may take initiatives to determine criteria for medical value travel services/ service providers and recognise such organisations based on the determined criteria.
- Certification: Only 21 medical value travel facilitators (enterprises) are certified under MVTF provided by National Accreditation Board for Hospitals and Healthcare Providers

(NABH). There is a lack of awareness on the certification programme as well as UDYAM registration been observed during interaction with association. Awareness programme at regular interval could be organised to overcome it.

- Promotional activity: This service sector is very promising as India is one of the demanded medical value travel destinations because of availability of advance equipment and medical expert at affordable price, reputation of age-old medicines and therapies, cost-effective and qualitative advance healthcare, large number of tourist places and tourist attractions, less waiting period for treatment etc. There is a need for intensive involvement in promotion and advertisement of Delhi as one of the important destinations in India. The State Government may organise at least two international seminars/ workshops every year in the countries viz. Iran, Oman, Turkey, Africa etc. to promote this sector. Marketing assistance scheme of MOMSME, GOI can be leveraged for this purpose.
- Incentive: Turkey, Thailand and some other countries have incentive schemes for medical value travel facilitators and they receive incentives for opening of overseas offices to source customers/ patients. There are no such incentives for travel facilitators in our country. Running overseas offices require significant amount of investment. At present the travel facilitators are investing their own funds as banks are also not supporting the facilitators. Fiscal incentives for opening and running overseas office could help the travel facilitators.
- Suggestions: The association representatives suggested followings –
 - Delhi should be made and promoted as medical value travel destination. GNCT of Delhi may form a taskforce/ committee/ division to prepare policy, strategy, guidelines, implementation plan, parameters etc. for this sector.
 - GNCT of Delhi may develop activity plan for organising awareness programmes, seminars/ exhibitions, credit linkages, developing international connects through discussion with high commission office or embassy to support the sector.
 - Draft a policy for medical value tourism and develop an incentive mechanism for the stakeholders.
 - The State should participate and advertise its world class services in international platform.
 - GNCT of Delhi may develop an empanelment/ registration system to recognise genuine
 - businesses after fulfilling some predetermined criteria/ parameters.

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