

## **Concept Note and Proposal on Setting up of New Finance and Technology (Fin-Tech) Park in NCT of Delhi**

### **Need of a Fin - Tech Park**

The National Capital Territory (NCT) of Delhi has risen as one of the country's most prominent centers of global finance, technology firms, and MSMEs. The growth of Delhi as a financial center and start-up park has demonstrated a high level of potential to contribute significantly to the regional and national economies. The progress in the MSME sector over the years has further translated into the expansion in the production and export, as well as the generation of thousands of employment opportunities in NCT of Delhi. Furthermore, the formulation of the Delhi Industrial Policy 2010-21 and the Delhi Startup Policy for NCT of Delhi 2022 has demonstrated the Delhi Government's pro-activeness in creating a healthy, inclusive and sustainable ecosystem of MSME, finance, technology and services in the region. However, advances in financial technology, increased credit availability and rising infrastructure demands represent opportunities to add value to supply chains and harness the entire potential of the enterprises and businesses in Delhi.

On this background for strengthening of the business ecosystem and supporting infrastructure in Delhi, the concept note envisions the creation of a new state-of-the-art Finance and Technology Park in NCT of Delhi, which would enable enterprises (manufacturing and Services), entrepreneurs and the government to collaborate, remove existing hurdles and conduct business with ease. The Fin-Tech Park, which can be developed as a green field project or a business district in the NCT of Delhi, will help Delhi's finance and technology enterprises along with MSMEs to embrace the current transformations in the financial technology, research, and development and get direct access to the credit and financial assistance. Being a green field project, the creation of the park will solve the pressing issue of infrastructure and knowledge deficit of the existing cities by allowing planned development, connected services and integration with other sectors. The Fin-Tech Park will also provide competitiveness in the business ecosystem and improve the knowledge of technical manpower in the region. Moreover, the park will provide access to international financial markets by connecting the industries to global economies and attracting investments. The concept note illustrates a roadmap to create a Fin-Tech park and capture enormous opportunities available for the existing enterprises and aspiring entrepreneurs in the NCT of Delhi.

### **Developing Fin-Tech Park in NCT of Delhi**

In India, the avenues provided by innovations in the finance and technology sectors to create business friendly regulations, improve operational efficiency and progress, the ease of doing business remain underutilized. A limited number of dedicated Fin-Tech parks currently exist or in the construction/setting up phase in the country, such as the 'Gujarat International

Finance Tech City (GIFT City)’<sup>1</sup> established by the Gujarat State Government in 2015, the recently proposed ‘Fin-Tech City’ in Chennai developed by Tamil Nadu Industrial Development Corporation (TIDCO) in 2021<sup>2</sup> and Bengal Fin-Tech Park, etc. As illustrated in Table 1, these Fin-Tech parks aim to change the financial landscape of the cities and create a

Sr. No.	Project	Land Area (Acres)	Investments	Type of Industries	Status/Details	Best Practices
1	GIFT City	886	INR 10,500 Cr	Banking, Insurance, Regulators, IT and ITES, Asset management, Trading etc.	225 Banking, Finance and Technology Companies are already established, Employing ~12,000 people till Phase 2 of construction	Competitive incentive scheme, Mixed land use, Walk to work concept, Sustainable and Connected infrastructure – District Cooling System (DCS), Underground Utility Tunnel, Automated Waste Collection
2	FinTech city in Chennai	112.8	INR 165 Cr	Financial Services, Fin-Tech Startups, Banks and NBFCs, Regulatory Institutions, Trade insurers, etc.,	Currently in the Tendering Process	Fin-Tech tower, Startup Park, Mixed use infrastructure and facilities
3	Bengal FinTech hub in New Town, West Bengal	70	Part of the Rajarhat New Town project – INR 2000 Cr	Financial institutions, Legal Firms, Banks, IT companies, Tech firms	28 finance and legal firms already present in the hub, Online Booking system for plots	Allotment of land on ‘lease-hold’ basis, Smart infrastructure, Green city, Plug and Play infrastructure in internet, transport, water, sewerage etc.
4	Jaipur Fintech Park	37	INR 106 Cr	Information technology and Finance	Currently in the planning phase, 36 plots ranging from 1200 to 18000 sq.m.	Sustainable development codes for buildings & common spaces, Un-interrupted power supply & fiber optic internet

Table 1 - Salient Characteristics of the Fin-Tech park projects in India

<sup>1</sup><https://www.giftgujarat.in/>

<sup>2</sup>TIDCO – RFP for Selection of Consultant for Design cum Project Management Consultancy Services for Establishing Fintech City in Chennai, Tamil Nadu

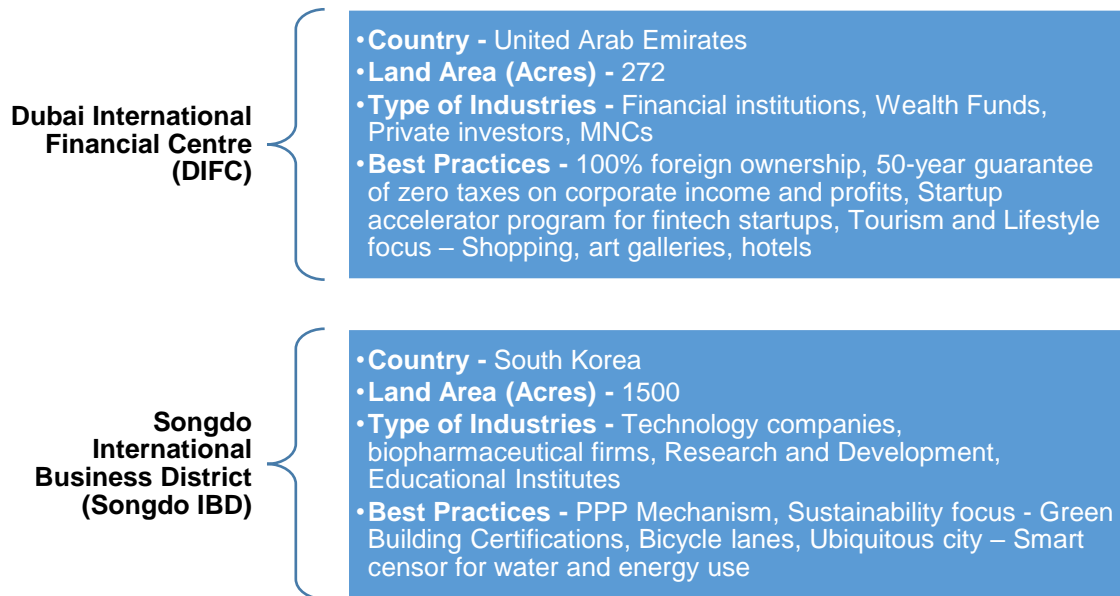


Figure 1 – International Case Studies of FinTech Parks

system of resources, funding, knowledge and access to world-class infrastructure facilities. Moreover, the experiments of creating new green field financial and industrial districts such as the Songdo International Business District in South Korea<sup>3</sup> and Dubai International Financial Centre (DIFC) in the United Arab Emirates<sup>4</sup> suggest a global trend of planning special zones to seize the advantages of technology-enabled green field projects (Fig.1). The NCT of Delhi currently lacks such dedicated zones or multi-service districts on a large scale, where a wide variety of businesses in the finance and technology sector can be located under one umbrella, such as Service Sector Industries, Insurance, Banking, Capital Markets and Trading, IT Services, Fund and Asset management, etc. The unavailability of special finance and technology zones, along with the strategic importance of Delhi in the local and global financial markets, technology systems and connections with other industrial areas in the region, present a prospect to conceptualize, plan and build a Fin-Tech park in the Delhi NCT region. The park will support the regional economy of the state of Delhi and contribute to the vision of creating a vibrant India with a five trillion-dollar economy.

A dedicated Fin-Tech park will provide a platform for the technology enterprises and financial institutions in Delhi to integrate financial services, technology and modern infrastructure at one place. The Park will act as a business district and will benefit the people of Delhi with its economies of agglomeration by attracting both the investments and credit-seeking industries with a competitive business environment, special incentive schemes and global infrastructure. The Park will host large Banks, Insurance Companies, Multi-National Companies (MNCs), Business Incubation Centers and knowledge, main cores to cater to the needs of both the existing and new enterprises. The Fin-Tech Park will further provide access to other domestic and international financial and technology centers in the world through digital

<sup>3</sup>Official Webpage - <http://songdo.com/>

<sup>4</sup>Official Webpage - <https://www.difc.ae/>

technologies, partnerships and knowledge collaborations. The park will benefit the state by generating thousands of new jobs in the region. It will also provide a variety of talent and skill development programs to develop new-age skills and connect the trained workforce with the Fin-Tech ecosystem and other sectors. The Park will add value to Delhi's economy by elevating Goods and Services Tax (GST), Foreign Direct Investment (FDI) and exports. Furthermore, the Fin-Tech Park will provide an opportunity to create interconnected, sustainable and smart service infrastructure such as transport, energy network, residential and green areas, and world-class commercial and retail centers. By establishing the finance and technology park, Delhi will leap forward to become a pioneer in the Fin-Tech ecosystem in India.

### **Draft Blue print for developing the Fin-Tech park in Delhi**

The Delhi government can learn from the journey of the ideation and building of other comparable projects of Fin-Tech Park in India and the world to replicate best practices and governance mechanisms. A proposed blueprint for creating a Fin-Tech district in Delhi is based on the development similar projects in India and inspired by other case studies around the world, as follows -

#### **Facilities**

- **Finance and Technology Services:** The Park will provide state of the art facilities to suit the technological demands of enterprises in the domain of digital payments, digital lending, block chain technology, big data, cyber security, IT, ITES, Electronics and peer-to-peer technology, etc. This will include stable information and communication infrastructure in terms of high-speed internet, 24x7 electricity, sufficient workspaces and other supporting infrastructure.
- **Entrepreneurship:** As innovation is a vital element in the expansion of the Fin-Tech sector, various Research and Development Centers and Startup Incubators can be founded within the park. The finance and technology park can also benefit from partnerships with multiple entrepreneurship institutes and business schools in Delhi. This will ensure that access to available capital and knowledge on Intellectual Property (IP) rights, regulatory frameworks, marketing, modernization and information technology is available in park.
- **Employment and Skill Development:** The Park will need skilled human capital to maintain its operations and competitiveness; thus, several skill development institutes and training centers, such as Delhi Skill and Entrepreneurship University (DSEU) can be collaborated with the park. The industry-academia collaboration will also allow the government to bridge the gap between the demand and supply of talent and connect the firms with the right human capital.
- **International Collaborations:** The Park can be developed with international standard and world-class facilities. This will help NCT of Delhi to find a spot in the global competitive environment and build collaborations with international

businesses and governments. This will enable effective knowledge sharing and instill a sense of cooperation in the Finance and Technology ecosystem as well as in the MSME sector. Various convention centers and exhibition halls can be built in the park where international and national finance and technology events, conferences and summits can be organized. This will give a boost to allied sectors in Delhi, such as tourism, and expand the exports by connecting domestic business with global markets.

## **Infrastructure and Planning**

- **Technology-driven Park:** The Park can immensely benefit from the latest technology and knowledge. Hence, collaborations can be established with various knowledge partners and technology firms to plan, incorporate and implement cutting-edge technological services in the park.
- **Smart Park:** The Park can serve as a model for smart city development that would include Information and Communication Technology enabled world-class amenities, including centralized municipal services such as clean water, waste and sewage disposal, non-polluting energy, etc. The planning and implementation of the Fin-Tech Park can be linked with existing policies and initiatives of Delhi and the central government. The park can take advantage of policies such as Smart Cities Mission and initiatives such as Delhi Mumbai Industrial Corridor to create an integrated ecosystem of industries, exports and urban planning.
- **Transit-Oriented Park:** The Fin-Tech Park can also be incorporated into the concept of Transit-Oriented-Development (TOD) that clusters employment and residential areas near the major public transport nodes. This will improve the quality of life of Delhi's citizens and help the state in its journey towards decarbonization and pollution-free Delhi.
- **Self-Sustaining Park:** In the age of climate change and disaster risks, the Fin-Tech park can be planned with sustainability features such as green architecture, water conservation measures, electric vehicles, open green areas, etc. This will also ensure an effective and inclusive localization of the Sustainable Development Goals (SDGs)<sup>56</sup>, namely, SDG 9 on building resilient infrastructure and fostering innovation, SDG 11 on sustainable cities and communities and SDG 13 on climate action. The emphasis on social and environmental sustainability will further make Delhi as a lucrative destination for impact investments from private investors worldwide.

## **Requirements**

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<sup>5</sup>NITI Aayog 2019 Report – Localizing SDGs: Early Lessons from India

<sup>6</sup> NITI Aayog 2020 Report – Decade of Action – Taking SDGs from Local to Global

- **Visioning:** The proposed Fin-Tech Park can be planned as a green field project where both international and domestic businesses can be clustered to take advantage of economies of agglomeration, labor pooling and knowledge diffusion. A vision document and detailed project proposal can be formulated to incorporate the needs of various stakeholders, such as the government of Delhi, funding partners, businesses, residents, etc.
- **Funding:** The state government can finance the park with its own funds and can further take assistance from banks like SIDBI, SBI etc. Initiatives such as SIDBI Cluster Development Fund (SCDF) can be leveraged to ensure additional funding for the project. Financing mechanisms such as Public-Private Partnerships (PPPs) and various funding models can also be experimented with to create public-private coalitions. For example, successful implementation of PPP formation can be observed in the Songdo International Business District in South Korea, where private firms have joined hands to ensure the stability of the capital and smooth management of the district.
- **Land:** Land acquisition and securing required clearances pose a significant challenge in the life-cycle of green field projects. As land is a state subject, the DSIIDC may provide suitable and adequate land for the park. The existing DSIIDC land can be directly allocated for the green field project.
- **Project Management:** The Delhi government can establish a Project Management Unit (PMU) for documentation and implementation of robust framework of the park. The PMU will be responsible for –
  - Coordination between different stakeholders for participative and equitable planning process of the park
  - Maintenance of information on regulatory requirements, manage compliance and handle data, knowledge and discussions with stakeholders
  - Creation of project work plans, timeline and ensure adherence to project implementation goals
  - Supervision and coordination of the action plan for the park, Meeting of stated targets
  - Monitoring of the progress of the park and preparation timely reports and statements

## **Implementation Framework**

The development of the Fin-Tech Park can be done in different phases to optimize investments and reduce operational costs. The planning horizon can be divided into three core phases to allow for efficient use of resources, incremental growth and improved coordination between stakeholders, as follows -

- **Phase I–**
  - The allocated land from DSIIDC/Government can be initially developed with trunk infrastructure such as roads, electricity network, water supply distribution, sewerage and storm water management systems to ensure a strong foundation and operation of basic infrastructure.
  - Public transport system can be launched on key routes for easy accessibility and intermodal connectivity.
  - Solid waste management, pollution monitoring systems and surveillance systems can be established to augment service delivery and ensure environmental conservation in the park.
- **Phase II –**
  - The next phase can commence after sufficient progress has been achieved in the earlier phase.
  - It can chiefly include construction of commercial spaces including high rise towers, retail and office spaces etc.
  - The culmination of this phase will make the park ready for operation and will attract finance and technology firms and enterprises to setup their offices in the park.
  - The park will further appeal high skilled employment through job opportunities, world class facilities and public transport connectivity.
- **Phase III –**
  - The last phase can be aimed towards a balanced mix of land uses such as commercial, residential and social facilities.
  - It can incorporate construction of social amenities such as hospitals, schools, convention centers, libraries and parks in addition to green open spaces and recreational facilities in the park.
  - The park can also create a residential area integrated within the Fin-Tech Park.
  - The final phase will prepare the park to achieve its full capacity and potential and will aid in attracting people and enterprises to the park.

## **Conclusion**

The concept note analyzes the need, demand, and blueprint for establishing a new Finance and Technology park in Delhi. At present there is no Fin-Tech park in the entire NCR region. The proposed Fin-Tech Park can be created on 80-100 acres of land which will host a cluster of 200-250 finance and technology firms. Moreover, non-service industries in the finance and technology sector that abide green and white categorization of industrial sectors issued by the Central Pollution Control Board<sup>7</sup>, such as, Research and Development (R&D) firms, clean energy generation, engineering and assembling units, tech startups etc. can also be envisioned in the park. The Fin-Tech Park will serve as a catalyst for Delhi's economic development by motivating finance and technology enterprises along with other local and international businesses, enhancing production and export, creating jobs, and fostering long-term growth. With its world-class, networked, and green amenities, the park will provide a push for sustainable development and aid the Delhi Government in the localization of SDGs. To achieve the goal of creating a new Fin-Tech park, the Delhi government can take a lead role in the envisioning and development of the park along with stable policies and regulatory framework. Moreover, robust project planning, transaction structure and project implementation are required to materialize the dream of the Fin-Tech park in Delhi. The establishment of the park will place Delhi at the forefront of innovation and growth in the finance, technology and MSME sectors, benefiting the economy, livelihoods, and quality of life of the citizens in the NCT of Delhi.

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<sup>7</sup> CPCB 2016, Modified directions to SPCBS/PCCs on Revised Classification of Industrial Sectors Under Red, Orange, Green and White Categories