

# UPDATE

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## Draft Delhi Industrial Policy 2025 – Policy Brief

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### *Policy Context & Rationale*

Delhi, the capital of India and one of the fastest-growing metropolises, is primarily driven by a service-led economy, which accounts for over 85% of its Gross Value Added (GVA). However, the city's rapid urbanisation, limited land availability, soaring real estate costs, and pressing environmental concerns have rendered traditional, manufacturing-centric industrial models increasingly unsustainable. The Draft Delhi Industrial Policy 2025–2035, released by the Government of National Capital Territory of Delhi, presents a transformative roadmap by pivoting towards a green, innovation-driven, space-optimized growth. Anchored in sustainability, digital infrastructure, and institutional reform, the policy targets clean, high-margin sectors like frontier technologies, research and development, which are also aligned with Delhi's urban density, land scarcity, and environmental concerns.

### *Vision & Strategic Objectives*

#### **Vision**

To build a future-ready, non-polluting industrial ecosystem by promoting high-value sectors such as frontier technologies and R&D, ensuring optimal land use and inclusive growth.

#### **Mission Focus Areas**

- Accelerate high-value service sector investments
- Redevelop and rationalize land use across industrial zones
- Strengthen urban logistics and connectivity
- Streamline regulatory processes using global e-governance models
- Enable transparent, accountable governance with industry participation

### *Strategic Sectors for Investment*

*Frontier Tech Services and Digital Innovation- BFSI (Banking, Financial Services, and Insurance), AI, Big Data, Gaming, Animation & Rendering, 3D Printing, BFSI, Biotech, IT & ITeS*

Recognizing the critical role of this sector in driving high-value employment, innovation, and exports, the policy addresses existing infrastructure gaps by offering targeted incentives.

## **Fiscal Incentives**

- 50% fixed capital investment reimbursement (including land) for 5 years for businesses in frontier-tech sectors up to a maximum limit of Rs 50 crore per project.
- An additional 6% interest subsidy per annum for businesses in frontier-tech sectors for the first 5 years.
- Reimbursement of 100% NET SGST to business in the sector for 5 years.
- Rupees 400 crore venture capital fund will be established for Industries.

## **Greenfield Interventions**

- Public-Private Partnership (PPP) model for building ready-to-use office spaces equipped with essential facilities for ITs and GCCs.
- Industrial areas in Baprola, Rani Khera, and Kanjhawala earmarked for development of the frontier-tech services sector.
- Gig economy onboarding via Delhi Skill and Entrepreneurship University (DSEU)'s Rozgar Bazaar
- Fast-track patent approvals to support IPR ecosystem

## *Research & Development*

Recognized as a catalyst for both industrial competitiveness and sustainable urban innovation, R&D is positioned to address Delhi's challenges in energy, health, mobility, and environment.

## **Key Measures**

- Expand engagement with academic and research institutions by providing ₹10 lakh support to focus sectors.
- Developing a dedicated portal to showcase existing R&D infrastructure, capabilities, and available funding.
- Establishment of the 'Research & Innovation Foundation of Delhi' as a hub for startups, corporates, and institutions.

## *Hospitality*

With its rich heritage and global connectivity, Delhi aims to become a hub for Meetings, Incentives, Conferences, and Exhibitions (MICE), driving employment and business travel.

## **Key Interventions**

- Expansion of hotel infrastructure near Pragati Maidan, Yashobhoomi.
- PPP-led development of hospitality infrastructure on public land
- Credit enhancement for MICE projects via the ₹400 Cr VC fund
- Simplified compliance regime for restaurants and bistros, with liberalised alcohol policy

## ***Enabling Ecosystem: Infrastructure, Talent & Governance***

To unlock the full potential of these strategic sectors, the policy outlines a robust enabling framework focused on land, infrastructure, talent, and governance. The policy aims to enhance ease of doing business by simplifying regulatory procedures, fostering institutional efficiency, and ultimately developing a conducive business environment that boosts investor confidence. To support the delivery of proposed incentives and enable seamless business engagement, the policy outlines an ambitious institutional reform agenda, drawing from global best practices to create a predictable, transparent, and investor-ready industrial ecosystem.

### ***Smart Land Use and Industrial Infrastructure***

- The policy promotes vertical industrial development through enhanced Floor Space Index (FSI), flatted factories, and flexible zoning, drawing inspiration from Tokyo's TOD and GIFT City.
- It enables PPP and lease-back models for industrial zone redevelopment and proposes dynamic land pricing using AI-driven valuation tools.
- To decentralize growth and reduce urban congestion, the policy supports the development of low-cost business parks and SME clusters in outer Delhi, aligned with models from China and Hong Kong.
- Common Facility Centres (CFCs) will be developed under PPP mode to provide shared services, testing labs, skill centres, logistics, raw materials, and marketing, for local clusters.

### ***Mobility, Freight, and Logistics Integration***

- Addressing long-standing gaps in connectivity and freight flow, the policy envisions smart last-mile infrastructure, AI-based mobility solutions, and freight optimization.
- These initiatives will integrate with the Delhi–Mumbai Industrial Corridor to bolster regional trade linkages. A dedicated Logistics & Warehousing Policy is also in the pipeline.

### ***Skilling, Talent Retention & Inclusive Workforce***

- An AI-powered labour market intelligence system will map real-time skill gaps and future demand.
- Vocational training centres, modelled on Germany's dual education system, and gig economy certification schemes (like in the UK) will improve employability.
- Incentives are proposed for women's participation, workforce diversity, and professional retention.
- Industry-academic partnerships and research hubs, inspired by Finland's and Sweden's lifelong learning models, will foster continuous skilling.
- Fast-track immigration (Canada model) and Dubai-style free zone benefits, such as subsidized housing, rental support, and tax perks, will aid talent retention in IT, AI, fintech, and R&D sectors.

### *Institutional Reform & Regulatory Innovation*

- To create a transparent and efficient regulatory environment, Delhi will launch a Single Window Clearance System, modelled on Singapore's BizFile+ and Estonia's e-Residency, offering digital, time-bound approvals.
- Blockchain-based verification (Dubai model) and intimation-based auto-sanctioning (Hong Kong's E-Submission Hub) will further reduce delays.
- Pre-zoned industrial areas, inspired by Shanghai's Pudong, will attract MNCs by lowering regulatory uncertainty.
- A dedicated Single Window Act or Ease of Doing Business Act is proposed to anchor these reforms legally.
- An inter-departmental committee will be constituted to serve as a recommendatory body to the Cabinet for sanctioning incentives across sectors, ensuring alignment and accountability.
- A formal network of Business Support Professionals (BSPs)—including CAs, CSs, lawyers, and sector experts— will be empanelled and trained to assist MSMEs with compliance, DPRs, land access, and credit facilitation.
- The Industry Facilitation Centre (IndusFC), comprising a digital portal and physical hubs, supported by a CRM-based investor response grid, will coordinate with District Industries Centres (DICs) for local-level handholding and grievance redressal.

### ***Conclusion: Strategic Outlook & Legal Considerations***

The Draft Industrial Policy marks a strategic shift from land- and manufacturing-intensive models toward a service-led, innovation-driven, and institutionally robust industrial ecosystem. With its targeted incentives, global-standard governance mechanisms, and clear focus on non-polluting, high-value sectors, the policy positions Delhi as a competitive destination for frontier technologies, R&D-intensive enterprises, and urban-integrated business models. However, successful implementation will hinge on the legal enforceability of reforms, effective enforcement mechanisms, and inter-agency coordination. A phased, transparent rollout with continuous feedback will be essential to realize Delhi's vision of a clean, inclusive, and future-ready industrial ecosystem.

For businesses and investors, this presents a timely opportunity to engage early, particularly in areas like tech infrastructure, innovation-driven industries, hospitality-MICE, and PPP-led redevelopment. Due diligence on land use norms, policy-linked incentives, and regulatory readiness will be critical for unlocking the full potential of this forward-looking policy framework.

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