

CHAPTER 9

INDUSTRIAL DEVELOPMENT

1. Delhi is the largest commercial center in North India. The industrial sector play a vital role in the economic development of the National Capital Territory of Delhi. The manufacturing sector in Delhi contributes about 10% to the state income. As per 1991 census, about 24.63 per cent of the workers in Delhi (7.31 lakh workers) were employed in the manufacturing sector while at the national level the percentage was only 10. The Industries Department estimates indicate that in 2001 1.29 lakh industrial units were functioning in Delhi which provided employment to more than 14 lakh persons. The estimated investment and production in these units was around Rs. 2,524 crore and Rs. 6,310 crore, respectively.
2. A door-to-door industrial survey conducted in Delhi in 1988 found that an average unit employs 9 workers while 30% of the units employ 4 workers or less. The survey revealed that textiles products (garments) units constitute the largest number, followed by electrical machinery and repair services (Table 9.1).

INDUSTRIAL GROWTH

3. Delhi has gone through a rapid process of urbanization. The Master Plan for Delhi rules out setting up large and heavy industries. There is, however, scope to expand small-scale industries. The availability of infrastructure, wholesale markets, trade and other commercial services have promoted the expansion of small-scale industries in Delhi.

OVERALL GROWTH

4. There has been a phenomenal growth of small-scale industries (SSI) in Delhi in the last 2 –3 decades, where a sharp increase in the number of units from 2600 in 1971 to 1.29 lakhs in 2001 has been recorded. The number of Small Scale Industries (SSI) in Delhi since 1951 have shown a tremendous increase as indicated below:-

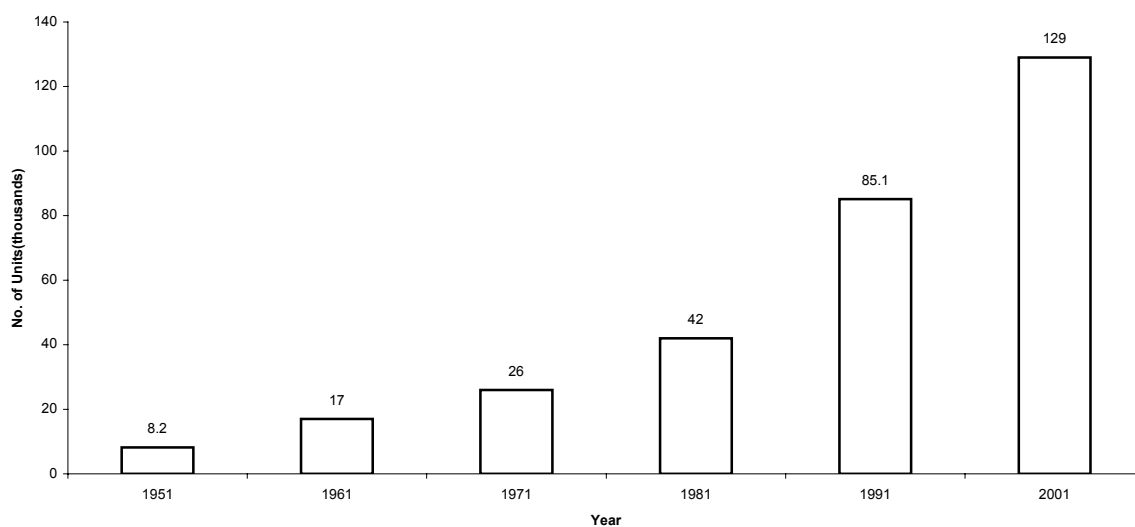
Statement 9.1

GROWTH OF INDUSTRIAL SECTOR, 1951-2001

Year	Number of Industrial units	Investment (Rs. crore)	Production (Rs. crore)	Employment (number)
1951	8,160	18.13	35.35	95,137
1961	17,000	60.00	121.00	1,87,034
1971	26,000	190.00	388.00	2,91,585
1981	42,000	700.00	1,700.00	5,68,910
1991	85,050	1,659.00	4,462.00	7,30,951
2001	1,29,000	2,524.00	6,310.00	14,40,000

Source: Estimated by the Dte. of Industries, GNCTD.

Growth of Industrial Units in Delhi since 1951



Employment in Industrial Sector
in Delhi since 1951

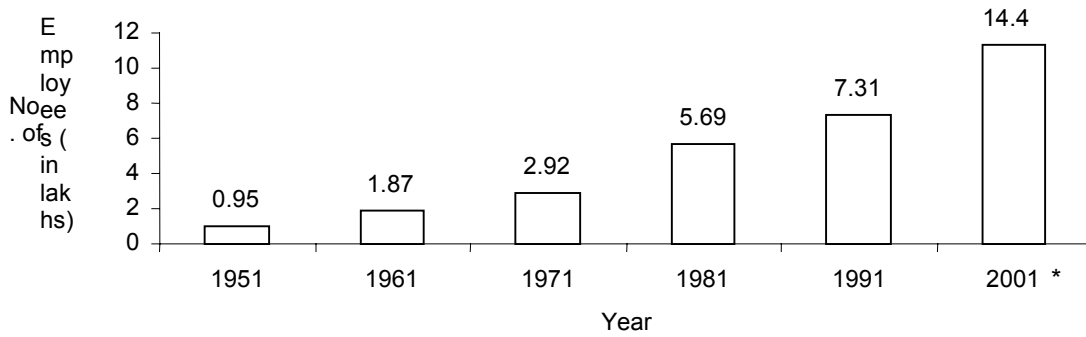
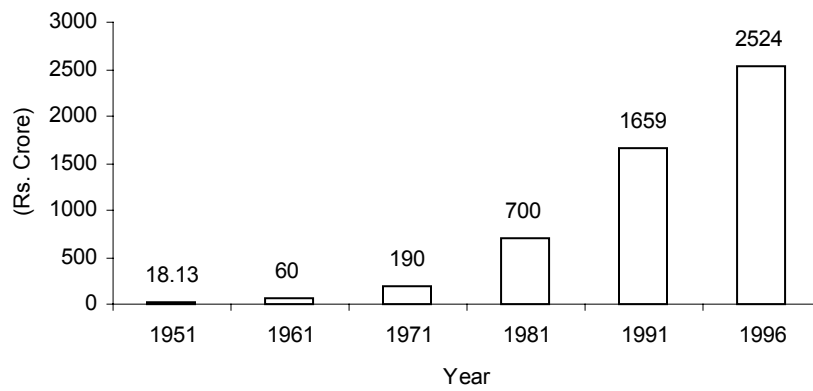


Chart 9.3
Industrial Sector Investment in Delhi since 1951
(Cumulative)



5. The Industries Department is running a Tool Room & Training Centre with Danish collaboration at Wazirpur Industrial Area with the objective of contributing towards the development of small scale industries through supply of trained man-power and sophisticated tooling. TRTC has also started courses during the year 2002 – 03:-

- i) One year condensed course in Tool & Die making.
- ii) Part time CNC courses in the field of CNC wire cut and milling.

A Hi-Tech Vocational Training Centre has been set up with Italian collaboration at Okhla Industrial Area for providing training on CNC machines and for providing machining facilities to small scale industries.

6. In order to make the National Capital Territory of Delhi a world class cyber state, the Delhi Government has planned to set up state-of-the art ‘Hi-tech City for Information Technology’ on about 100 acres of land with the best communication links, uninterrupted and clean power supply with back up power generation and other advanced technical facilities. This project could not make headway so far due to non availability of suitable land. However, an IT Park (6 hctr. land) is being set up at Shastri Park by DMRC at a cost of Rs.173.25 crore. A World Trade Centre is proposed to be set up to provide instant information flow and interaction amongst various players in international trade & commerce. Land for this project is yet to be acquired. With a view to establish and develop Industry-University-R &D linkages, a “Bio-Technology Park” is being set up in collaboration with Delhi University which will help in the upgradation of technology of existing industries and development of high-tech and non-polluting industries in Delhi. This park will be made functional by December, 2004.

7. The index of industrial production (1980-81 base year) shows an increasing trend until 1995-96. However, it declined from 1996-97 onwards because major industrial units were closed on orders of the Supreme Court. The average index of industrial production, which was 217.72 in 1994-95, increased to 235.90 in 1995-96 registering a growth of 8.35 per cent. However, it declined to 205.14 in 1996-97 and 196.00 in 1997-98. The index recovered to 205.68 in 1998-99. The Time series containing index of industrial production data with base year 1980-81 in Delhi is given below :-

Statement 9.2

INDEX OF INDUSTRIAL PRODUCTION IN DELHI (Base Year 1980- 81)

Year	Index	% over previous year
1980-81	100.00	
1981-82	109.12	+ 9.12
1982-83	119.97	+ 9.94
1983-84	125.53	+ 4.63
1984-85	131.64	+4.87
1985-86	132.89	+ 0.95
1986-87	142.39	+ 7.15
1987-88	154.23	+ 8.31
1988-89	162.43	+5.23
1989-90	173.82	+ 7.01
1990-91	189.03	+ 8.75
1991-92	187.83	(-) 0.63
1992-93	192.57	+ 2.52
1993-94	197.91	+2.77
1994-95	217.72	+ 10.01
1995-96	235.90	+ 8.35
1996-97	205.14	(-) 13.04
1997-98	196.00	(-) 4.46
1998-99	205.68	+ 4.94

New Series : Index of industrial production in Delhi (base year 1993-94)

Year	Index	% growth over previous year
1999-2000	94.28	NA (due to base year change)
2000 – 01	103.28	+ 9.55
2001 – 02	109.38	+ 5.91
2002 – 03	115.85	+ 5.92

Source: Directorate of Economics & Statistics, Government of NCT of Delhi

8. MONTHLY COMPARABLE INDEX OF INDUSTRIAL PRODUCTION IN DELHI (BASE YEAR 1993-94)

The average annual index of industrial production for 2002 – 03 has been estimated as 115.85 while it was 109.38 during 2001- 02 with base year 1993 – 94 as 100. This shows 5.92% increase in IIP when compared with the previous year. It is clear from the table given below that except for July, August, November and December, 2002, there is an increasing trend throughout the year as compared to the corresponding months of previous year. During July, August, November and December, 2002, the general IIP has shown a decline of 3.40%, 15.66%, 1.11% and 3.00% respectively as compared with correspondence months of 2001. Maximum increase of 25.54 and 23.87% were registered during February, January, 2003 when compared with the corresponding months of 2001.

Statement 9.3

MONTH-WISE INDEX OF INDUSTRIAL PRODUCTION (BASE:1993-94=100)

Month	1999-2000	2000-01	2001-02	2002-03	Increase/Decrease during 2002 – 03 over the previous year (Percent)
April	92.37	93.87	98.23	104.90	6.79
May	95.09	105.42	114.70	122.20	6.54
June	95.04	108.75	107.16	116.50	8.72
July	92.41	110.74	128.17	123.81	-3.40
August	94.02	102.81	132.40	111.66	-15.66
September	90.38	110.84	110.13	124.17	12.75
October	95.29	93.82	118.81	128.01	7.74
November	94.50	93.06	105.73	104.56	-1.11
December	96.35	100.71	107.46	104.24	-3.00
January	93.32	103.28	93.90	116.31	23.87
February	94.90	102.18	89.14	111.91	25.54
March	97.70	113.90	106.70	121.89	14.24
Annual Average	94.28	103.28	109.38	115.85	5.92

Source : Dte of Economics & Statistics GNCT Delhi

BOX 9.1

INDEX OF INDUSTRIAL PRODUCTION

In order to measure growth of the industrial sector over a period of time, the index of Industrial Production for the N.C.T. of Delhi has been compiled by the Directorate of Economics and Statistics since 1976.

The index covers the Census Sector Units employing 50 or more workers working with Power and 100 and more workers without power.

SELECTION OF ITEMS :

The item basket is based on the ASI 1993-94 Factory Sector results and the selection criterion envisages capturing 80% of value of output of the State's manufacturing sector.

WEIGHTING DIAGRAM :

In the revised (1993-94) series, the weights have been allotted to the items on the basis of 'value of output' which hitherto was gross value added in the 1980-81 series as recommended by Central Statistical Organisation.

COVERAGE :

The revised series covers 95 items. Production data for these is collected from 375 Industrial Units in Delhi on quarterly basis.

METHODOLOGY FOR CALCULATION :

The production data so collected for each item is divided by its base year production, which is multiplied with its weight to get production relative i.e. production index at industry level. The production relatives are added up at major industry group (two digit) level to get index of Industrial Production at major Industry Group. The two digit IIP, multiplied with its weight, is further added up to get the index for the manufacturing sector. This index shows the relative change that has taken place in the industrial spectrum with reference to the base year.

9. The number of registered working factories in Delhi is indicated below:-

Statement 9.4

REGISTERED WORKING FACTORIES IN DELHI, 1981-2001

Year	Private	Government	U/s 85 of Factories Act, 1948	Total
1981	3298	102	2	3402
1982	3530	104	51	3685
1983	3735	111	56	3902
1984	3639	116	59	4144
1985	4146	118	60	4324
1986	4341	117	62	4520
1987	4572	122	71	4765
1988	4988	125	75	5188
1989	4618	119	67	4804
1990	4783	122	68	4973
1991	4954	137	71	5162
1992	5198	139	73	5410
1993	5323	138	20	5481
1994	5425	137	19	5781
1995	5794	138	13	5945
1996	5925	138	13	6076
1997	6077	139	13	6229
1998	6198	139	13	6350
1999	6344	139	13	6496
2000	6531	138	13	6682
2001	6699	138	18	6855

Source: Labour Department, Government of NCT of Delhi.

INDUSTRIAL POLICY

10. The Delhi Government issued an industrial policy statement in 1982. The policy statement emphasised the promotion of sophisticated industries that can achieve optimum levels of production using less space and power while generating employment avenues for skilled persons. In order to clean up the environment, emphasis was placed on encouraging non-polluting and non-hazardous units in Delhi. Household industries were permitted and 73 industries identified that could be run in residential houses with a maximum power load of 5 kilowatt, provided that the industry did not cause pollution or congestion and could be operated within a space of 30 square meters. A new industrial policy is under finalisation at present. Draft Industrial Policy for Delhi has already been finalized. The Committee constituted for the preparation of 'White Paper' on industries in Delhi has already finalized its report. Industrial Policy shall be finalized after 'White Paper' is approved by the Cabinet.

INDUSTRIAL ESTATES

11. Delhi has 28 industrial estates areas where about 25,000 industrial units are located. Government has acquired 1,300 acres of land of which possession of 1065 acres at Bawana village and Holambi Kalan has been taken for developing new industrial estates. In addition, 800 acres of land has also been acquired and its possession has been taken for development of new industrial areas.

DELHI FINANCIAL CORPORATION

12. The Delhi Financial Corporation (DFC) caters to the financial needs of industries located in the National Capital Territory of Delhi and the Union Territory of Chandigarh. Financial assistance is available to the industrial as well as service sectors units like medical & health care/diagnostic centres, transport sector, hotels, restaurants. Tourism related facilities like amusement parks, convention centers, software/hardware services relating to information technology, telecommunication or electronics including satellite, linkage, Audio/Video/Visual communication, Hi-tech Agro Industries, floriculture, Tissue culture, aqua pollutary farming, breeding hatcheries etc. The upper limit of the grant of loans in case of companies and co-operative Societies is Rs.5 crore while for proprietorship and partnership firms, it is Rs.2 crore. The loans are available to new

industrial units as well as existing ones for shifting, expansion, modernization, diversification and rehabilitation. Loans are also provided to the units for upgradation of technology resulting in less consumption of power and increase in qualitative productivity as also pollution control equipment etc. DFC is also providing loans to small road transport operators for commercial vehicles. In order to make Delhi an environment friendly city, DFC facilitated the relocation process of industrial units by providing loans on concessional terms. DFC has an authorized capital of Rs.50 crore and share capital of Rs.25.64 crore. As on 31st March 2003 DFC had Rs.27.93 crore as reserves and surplus. DFC sanctioned loans worth Rs. 77.47 crore during 2002-03.

DELHI STATE INDUSTRIAL DEVELOPMENT CORPORATION

- 13.** DSIDC which was set up in 1971 assists, finances and promotes the interests of small-scale industries in the NCT of Delhi. It has an authorized capital of Rs. 30 crore and paid up capital of Rs. 21.86 crore. The Corporation has achieved annual turn-over of Rs.210.94 crore in 2000- 01. DSIDC is implementing the industry relocation project and also constructing Common Effluent Treatment Plants (CETPS)

(a) RELOCATION OF INDUSTRIES

DSIDC has been entrusted with the onerous task of development of industrial estates in North-West Delhi (Bawana and surrounding areas) under the Relocation Scheme. Approximately 1865 acres of land has already been acquired. Approximately 26,000 units will be relocated from residential/non-conforming areas under the Relocation Scheme for industries. This is a self-financing scheme (costing approximately Rs.1000/- crore), which has been taken up at the behest of the Hon'ble Supreme Court of India. Out of 27,055 units declared eligible for allotment of industrial plots/flats, allotment letters have been issued to 18355 units. The work of relocation of industrial site of clusters Bawana has progressed ahead of schedule. Over 11257 plots have been ready in developed and offered for possession to the allottees. The DVB had also laid its network to provide temporary power for construction of these allottees. In brief, 143 kms of road network, 1.40 kms of sewer line, 144 km of water line, and 269 km of s.w drain, have been laid at site. Over 1200 industrial allottees have already been allotted plots in Narela, Badli, Patparganj & Jhilmil and most of them have initiated the construction work of their factory buildings.

(b) CONSTRUCTION OF CETP'S

DSIDC has been entrusted with the work of construction of 15 CETP's for 28 industrial areas of Delhi in compliance of the orders of the Hon'ble Supreme Court of India. DSIDC is executing this project in co-ordination with DPCC and NEERI. Three plants at Wazirpur, Mangolpuri and Mayapuri have already become functional. Seven other CETPs have been completed. Two CETPs i.e. at Najafgarh and Naraina are expected to be completed by the year 2004. Work at Anand Parbat could not be taken up because of stay order against demolition of structure on the acquired land. Now the stay order has been got vacated and DSIDC is likely to take up demolition of unauthorized construction on the acquired land. Work in respect of two CETPs namely Mohan Cooperative Industrial Area and Okhla Industrial Estate is likely to be awarded soon.

DELHI KHADI & VILLAGE INDUSTRIES BOARD

14. Delhi Khadi & Village Industries Board was constituted in the year 1983 under Himachal Pradesh Khadi and Village Industries Board Act as extended to Delhi. At present the Board is implementing Rural employment Generation Programme (Margin Money) scheme in Delhi. The scheme is owned by Khadi and Village Industries Commission, Govt. of India and implemented by this Board in the rural areas of NCT of Delhi through the nationalized banks. Under the scheme variable industrial projects/VI Sales outlets are financed for establishment in rural areas as defined under the KVIC Act. The Banks sanction 90% of the project cost in case of general category borrowers and 95% of the project cost in case of Weaker Sections of beneficiaries/institutions. After sanction of credit facility by the Bank branch, eligible amount of margin money i.e. 25% in case of general category & 30% in case of weaker sections of beneficiaries is kept as term deposit of two years in the name of borrowers which will be credit to the borrowers loan account after period of two years from the date of first disbursement.

Marketing Activities:

The Board started limited marketing activities from the year 1999. The Board is procuring items from the certified KVIC units only and selling them at its Sales Outlets. There are three sales outlets at presently namely static shops at Canning Lane, and other a Delhi Secretariat and one mobile Sales Van. The average Sale figures of last three years

is as follows:

2000-01	36.06 lakhs
2001-02	33.76 lakhs
2002-03	10.36 lakhs

The Board proposes to expand its marketing activities by opening more sales outlets at strategic locations of Delhi. Rajiv Gandhi Swavalamban Rojgar Yojna and Employment Scheme for Unemployed Youths have also been transferred to DKVIB for implementation.

SOFTWARE INDUSTRY

15. The growth of the software industry in Delhi has been relatively slow compared to Bangalore and Mumbai even though it has tremendous potential. Projections by NASSCOM (1998) indicate that with a co-ordinated action plan by the government and industry, the software industry in Delhi can grow at an accelerated pace to achieve an annual turnover of Rs. 47,500 crore (US\$ 10 billion) by the year 2007-08 which would be as much as 12% of the projected turnover (US\$ 87 billion) of the Indian software and services industry.

Software exports from Delhi, which were Rs. 55 crore in 1995-96, increased to Rs. 150 crore in 1997-98, which is 2.3% of the total software exports of Rs. 6,530 crore from the country. However, the cumulative software exports from Delhi, Noida and Gurgaon were around Rs. 1,040 crore, i.e., almost 15% of India's software exports in 1997-98. According to NASSCOM Delhi's software export potential could be Rs. 20,000 crore by 2007-08, which is 10% of India's projected exports by 2007-08.

The domestic software market in Delhi during 1997-98 was estimated to be Rs. 860 crore accounting for almost 22% of the domestic software market in India.

NASSCOM has also estimated that Delhi can easily provide jobs to 1 lakh people in the next three years and about 3 lakhs in the next 10 years in the area of IT enabling services.