

CHAPTER-9

INDUSTRIAL DEVELOPMENT

1. The industrial sector plays a vital role in the economic development of the National Capital Territory of Delhi. The manufacturing sector in Delhi contributes about 12% to the state income. The Industries Department estimates indicate that in 2001 about 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. (Table- 9.1)

INDUSTRIAL GROWTH

2. Delhi experienced a rapid growth of manufacturing activities. 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

3. 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 26000 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.

Chart 9.1

Growth of Industrial Units in Delhi since 1951

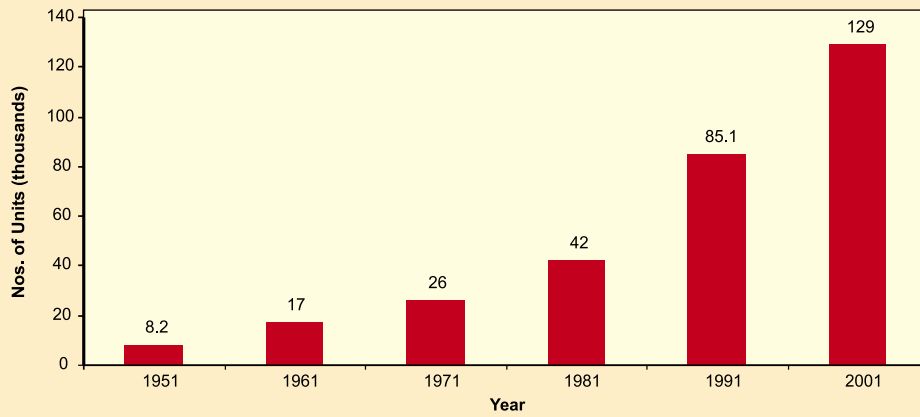


Chart 9.2

Employment in Industrial Sector in Delhi since 1951

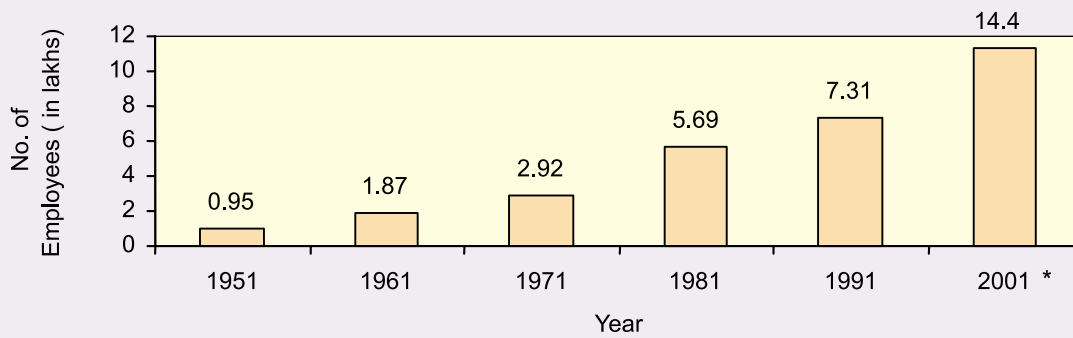
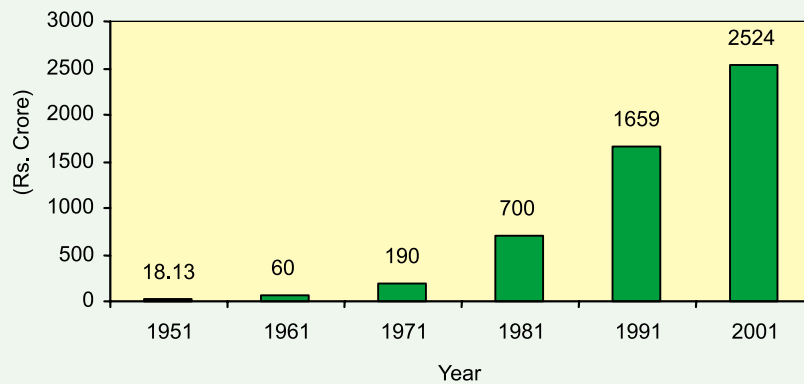


Chart 9.3

Investment Industrial Sector in Delhi since 1951 (Cumulative)



4. 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. The Production Wing of the Centre is manufacturing tools, dies, moulds, jigs and fixtures, die casting dies, press tools etc. for industries. The centre is providing 12.5% subsidy to small-scale units.

The Centre has been imparting training in the field of tool making tool design, computer programming, CNC machine programming and operation, CAD/CAM etc. The trainees under these courses are exposed to advanced methods of tools making and tool designing. The Centre for information and technology in Tool Engineering and Computer Application (CAD/CAM)) has been set up as a Sub Centre of TRTC at HTVTC Building at Okhla Industrial Area, New Delhi, wherein various CAD/CAM course are being conducted.

The centre has started one year Condensed Course in tool and die making wherein 20 trainees per year will be trained. The centre is conducting 2 year Post Diploma in Tool Design (Part time-Evening Course) where in approx.20 trainees are trained. The Centre is conducting short-term course in the field of various processes involving in tool making and tool designing. The Centre is also to start additional short-term courses in the field of Engg. Drawing, Plastic mould, press tool designing and manufacture, CNC milling, EDM wire cut etc.

Tool Room & Training Centre has taken up number of steps to increase their revenue by increasing seats in various training courses. Some new short term courses are also being introduced. An amount of Rs. 4 crore was provided in 2005-06 for purchase of new machines to up grade the technology and to increase the production activities so that it may function on self-sustained basis.

5. 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. This Centre has started a number of training programmes for different level of technical personal to earn more revenue.
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. IT Park (6 hctr. land) has been set up at Shastri Park by DMRC at a cost of Rs.174 crore. With a view to establish and develop Industry-University-R &D linkages. "Bio-Technology Park" is being set up in collaboration with Delhi University which will help in the up gradation of technology of existing industries and development of high-tech and non-polluting industries in Delhi. Construction work is nearing completion and the Centre is likely to function shortly.

INDEX OF INDUSTRIAL PRODUCTION

7. The index of industrial production (1993-94 base year) shows an increasing trend. The Time series containing index of industrial production data in Delhi is given below:-

Statement 9.2

INDEX OF INDUSTRIAL PRODUCTION IN DELHI (BASE YEAR 1993-94)

Year	Index	% growth over previous year
2000 – 01	103.28	9.55
2001 – 02	109.38	5.91
2002 – 03	115.85	5.92
2003-04	123.35	6.47
2004-05	141.66	14.84
2005-06	135.70	(-) 4.21

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

Statement 9.3

INDEX OF INDUSTRIAL PRODUCTION IN MAJOR SECTORS OF INDUSTRY

Sector	Annual Average Index		Percentage increase
	2004-05	2005-06	
1. Manufacturing	140.96	134.64	-4.48
a) Food Products	97.86	97.38	-0.53
b) Beverages, Tobacco and related products	55.71	52.47	-5.82
c) Wool silk and man made Fibre Textiles	44.41	46.16	4.65
d) Textile products	13.55	18.35	35.42
e) Leather and related products	107.38	90.27	-15.93
f) Basic chemical products	218.31	225.17	3.14
g) Non-metallic mineral products	96.46	83.80	-13.12
h) Basic metal and alloys industries	63.56	56.51	-11.09
i) Metal Products	59.15	61.81	9.57
j) Machinery & equipment	480.34	437.02	-9.02
k) Transport equipment	39.31	38.22	-2.77
l) Other manufacturing	322.24	312.97	-2.88
2. Electricity Generation	153.34	153.18	-0.10
3. General	141.66	135.70	-4.21

Source: Dte. Of Economics & Statistics

8. MONTHLY COMPARABLE INDEX OF INDUSTRIAL PRODUCTION IN DELHI.

The average annual index of industrial production for 2005-06 has been estimated as 135.70 while it was 141.66 during 2004-05 with base year 1993 – 94 as 100. This shows 4.21% decrease in IIP when compared with the previous year. It is clear from the table given below that only during October, December 2005, there is an improvement of 8.97% and 20.73% while for remaining ten months of the year there is a decline as compared to corresponding month of previous year.

Statement 9.4

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

Month	2001-02	2002-03	2003-04	2004-05	2005-06	Increase/Decrease during 2004 – 05 over the previous year (In percentage)
April	98.23	104.90	125.44	140.62	134.06	-4.67
May	114.70	122.20	133.16	139.70	137.68	-1.45
June	107.16	116.50	123.13	138.89	124.32	-10.49
July	128.17	123.81	132.85	165.90	149.73	-9.75
August	132.40	111.66	111.72	127.73	123.44	-3.36
September	110.13	124.17	119.29	145.13	144.71	-0.29
October	118.81	128.01	108.40	139.88	152.43	8.97
November	105.73	104.56	111.71	140.84	119.10	-15.44
December	107.46	104.24	126.44	135.84	164.00	20.73
January	93.90	116.31	126.52	133.48	131.11	-7.78
February	89.14	111.91	126.15	125.67	113.86	-9.40
March	106.70	121.89	135.42	166.29	133.95	-19.45
Annual Average	109.38	115.85	123.35	141.66	135.70	-4.21

Source: Dte of Economics & Statistics GNCT Delhi

USE BASED INDEX OF INDUSTRIAL PRODUCTION

9. The consumer goods industry is predominant in industrial production of NCT of Delhi. During 2004-05, it covered 63.62% of total production with a share of 12.31% for consumer durable goods and 51.31% for consumer non-durable goods. Share of basic goods industries, capital goods industries and intermediate goods industries are 13.14%, 9.09% and 14.15% respectively when weights are allocated on the basis of their production in the base year.

Statement 9.5

Index of Industrial Production : Use Based

Description	Annual Average		Percentage variation
	2004-05	2005-06	
Basic Goods	150.94	131.90	-12.61
Capital Goods	554.77	598.29	7.84
Intermediate Goods	182.56	189.84	3.99
Consumer Goods	71.61	58.33	-18.54
Consumer Durable Goods	180.51	105.18	-41.73
Consumer Non-durable goods	45.48	47.09	3.54
General	141.66	135.70	-4.21

Source: Dte of Economics & Statistics, GNCTD

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 Organization.

COVERAGE:

The revised series covers 98 items. Production data for these items is collected from 348 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. The two digits 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.

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

Statement 9.6

REGISTERED FACTORIES IN DELHI, 1981-2005

Year	Private	Government	U/s 85 of Factories Act, 1948	Total
1981	3298	102	2	3402
1991	4954	137	71	5162
2001	6693	144	18	6855
2002	6986	144	18	7148
2003	7291	154	19	7964
2004	8140	172	21	8333
2005	8482	189	21	8692

Source: Labour Department, Government of NCT of Delhi.

ORGANIZED INDUSTRIAL (FACTORY) SECTOR DURING ASI 2003-04

11. During 2003-04 total number of working factories covered in the survey were 3413. These factories together had a total stock of fixed capital worth Rs. 2099 crores and invested capital Rs. 4658 crores. Further, these factories provided gainful employment to 128649 and distributed Rs. 983 crores as emoluments to employees, consumed inputs both industrial and non industrial in nature, worth Rs. 13477 crores, and produced Rs. 15930 crores worth of goods and services at ex-factory prices and contributed Rs. 2141 crores by way of value added by manufacture to the State Domestic Product (Table 9.1).
12. During the reference period of ASI 2003-04, the larger number of factories were engaged in manufacturing of wearing apparel dressing and dyeing of fur (17.71%) followed by manufacture of machinery and equipment (8.49%), manufacture of fabricated material product except machinery (8.55%), manufacture of publishing, printing and reproduction of recorded media (6.42%) and

manufacture of rubber and plastic product (6.66%). These five industries together have accounted 45.7 percent of the total working factories, provided employment to 58.24 percent of the total employees and utilized 51.98 percent of fixed capital stock. Their share in the gross value of output and net value added by manufacture were 37.33 and 44.84 percent respectively. (Table 9.2)

13. UNORGANISED MANUFACTURING ACTIVITIES IN DELHI

The following are the main highlights of the survey conducted during NSS 56th round between July 2000 and June 2001 (Table 9.3)

- The number of Unorganised Manufacturing enterprises were estimated as 190277 during 2000-2001. Out of them 26375 (13.86%) were in rural areas and 163902 (86.14%) in urban areas of Delhi.
- Out of the total enterprises, manufacture of wearing apparels etc. account for 27.42% ranked first followed by manufacture of fabricated metal products with 13.93% of share and third position was occupied by manufacture of furniture having a share of 10.82% of the total enterprises. These three groups taken together accounted for more than 50% of the total enterprises in Delhi.
- The total employment generated by these enterprises was estimated at 7.94 lakhs.
- Out of the total employment, 0.53 lakh persons (6.68%) were employed in rural enterprises while 7.41 lakh persons (93.32%) in urban unorganized manufacturing enterprises.
- Out of the total persons employed in this sector about 0.92 lakh persons (11.54 %) were employed in household enterprises and about 7.02 lakh persons (88.46%) were gainfully employed in establishments.
- Manufacturing of wearing apparels etc. accounted for 30.22% fabricated metal products etc. 10.14% and manufacture of furniture etc. , 9.65% in the total employment and these three groups taken together accounted for about 50% of the total employment in this sector in Delhi.
- NCT of Delhi earned the distinction of having the best average employment per enterprise in the country with 4.17 persons per enterprise.
- Gross Value Added per annum/enterprise was estimated as 1.78 lakh
- Annual Gross Value Added of Household enterprises (OAME) was estimated at Rs. 0.52 lakh as against Rs. 2.35 lakhs earned by establishments.
- Tobacco products, chemicals & chemical products and recycling earned an estimated annual GVA of more than Rs. 3.5 lakh per enterprise

- Value Added per worker in this sector was estimated as Rs. 42585 per year.
- Annual Value Added per worker of Household enterprise (OAME) was estimated at Rs. 33955 as against Rs. 43711 of establishments.
- Value added per worker in Chemical and Chemical Products (Rs. 72045), Tobacco Products (Rs. 65972) and Basic Metal enterprises (Rs. 56275) was at the top among these enterprises.
- 29456 women working in unorganized manufacturing enterprises constituting 3.71% of the total employment.
- Out of them 65.16% were working owners, 30.06% were Hired workers and remaining 4.78% fall in others category.
- Of the total females, 27335(92.80%) were working on full time and 2121 (7.20%) on part time basis.
- Among females working on full time, about 57% were employed in household enterprises and about 43% in establishments while that of part time workers about 12% were employed in household enterprises and 88% in establishments.
- The value of fixed capital was estimated as Rs. 2.75 lakh per enterprise.
- Out of the total enterprises, 70.025 operated from independent premises and 29.98% from household premises itself.
- 89.58% were Proprietary, 10.41% Partnership and only 0.01% were other type of enterprises.
- Only 5.86% of these enterprises were registered under any acts/authority.

INDUSTRIAL POLICY

14. The Govt. of Delhi is placing special emphasis on promoting sophisticated skill based industries which could achieve optimum levels of production with less space and power, and generate employment avenues for skilled persons. In order to keep the environment clean, emphasis have been placed on encouraging nonpolluting and non-hazardous units in Delhi. Keeping in view the strain on infrastructure, the Govt. of Delhi has allowed setting up industries in the House-hold Sector. In view of the recent events, the department is framing a new Industrial Policy for Delhi which emphasises promotion of Computer Software, I.T.Enabling Services, Electronics and High Tech Industries. The proposed Industrial Policy intends to give a thrust to exports and help the industry face international competition by setting up marketing estates for different sectors of industries as well as help set up "Single Window Information/Display Centers such as a World Trade Centre. Institutional Support would be provided by setting up Common Facility Centers, R&D facilities & testing laboratories etc.

INDUSTRIAL ESTATES

15. Delhi has 28 industrial estates / areas in Delhi occupying an area of 4647 acres. Out of these 5 Estates were developed by the Industries Department, 2 by DSIDC, 7 by Cooperative Societies and remaining 14 by DDA. These Estates were set up during the period 1954 to 1990. About 25000 industrial units are located in these Estates. Government has also 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.

The Govt. has decided to implement a scheme on Public Private Partnership basis to up keep and maintain these industrial areas by providing funds with proportionate contribution in the ratio of 80: 20 i.e. 80% by Government and 20% by the entrepreneurs of the respective Estates through their Association. The Industries Department will release the funds to the respective government agency on the basis of the proportionate funds received from the association.

DELHI FINANCIAL CORPORATION

16. 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 centers, 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 for 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 up gradation 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.25.70 crore. As on 31st March, 2005 DFC had Rs.33.43 crore as reserves and surplus. DFC sanctioned loans worth Rs. 36.37 crore during 2005-06.

DELHI STATE INDUSTRIAL DEVELOPMENT CORPORATION

17. 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. 261.11 crore in 2004-05. 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. 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 the total of 51851 applicants who had applied for allotment of alternate industrial plots/flats under the relocation scheme, about 27755 applicants have been found eligible for allotment of industrial plots/flats.

Allotments of flatted factories and developed industrial plots have been made to 18360 applicants by draw of lots in newly developed industrial area of Bawana and already developed areas at Narela, Badli, Jhilmil and Patparganj. Water polluting industries were given allotments on priority basis in Narela and Badli while units falling under 'F' category of Master Plan of Delhi were given priority allotments in Bawana Indl Area. Details are given below: -

Name of Complex	No. of allotments Made		Total No of allottees who have made 100% cost of plot/flat	Total No. of possession approved	Total No of allottees who have taken physical possession at Site	Total No. of allottees who have taken up construction over plot
	Prior to 20.10.05	On 20.10.05				
Bawana (I & II)	16234	4021	15121	11680	10948	1230
Jhilmil	96	0	96	94	94	78
Narela	1509	0	1347	1173	1133	400
Badli	87	0	86	83	82	67
Patparganj	76	0	76	75	75	64
Flatted Factory	358	6	227	220	218	218
Bhoregarh	0	4027	0	0	0	0
Total	18360	8054	16953	13325	12550	2057

4617 allottees have taken refund whereas about 746 eligible applicants are still awaiting allotments. DDA was requested to identify additional land for development of new industrial areas for relocating the remaining eligible applicants. About 1931 acres of land has been identified by the DDA at

Rohini Phase-IV, Narela, and North of Rohtak Road near village Mundka. One pocket measuring 438 acres of land in Narela which is free from encroachments has been notified for acquisition by Govt. of Delhi. Survey conducted by the DSIDC has revealed that there are heavy built up structures at the remaining two sites at Rohini Phase-IV and village Mundka. Alternate land has been identified in lieu of encroached land for which concurrence of DDA has been sought. Allotment to the remaining eligible applicants can be made only after acquisition/development of additional land being acquired.

(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. 10 CETPs are already functional, one CETP at final stage of completion. Three CETPs could not be constructed due to various problems i.e. availability of land, designing in accuracy etc. work of one CETP at Najafgarh has been resigned due to failure of the contractor to finish the work. The progress is constantly being monitored by Supreme Court and various committees/ authorities on regular basis. Five of the ten CETPs have already handed over to the respective societies for operation and management.

DELHI KHADI & VILLAGE INDUSTRIES BOARD

18. 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. 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 for two years in the name of borrowers which will be credit to the borrowers loan account after the period of two years from the date of first disbursement.

(A) 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 present namely shops at Canning Lane, and other at Delhi Secretariat and one mobile Sales Van. The total Sale figures of last five years are as follows:

Year	Total Sale (Rs in Lakh)
2000-01	36.06
2001-02	33.76
2002-03	10.36
2003-04	4.12
2004-05	1.87

The Board proposes to expand its marketing activities by opening more sales outlets at strategic locations of Delhi.

Rajiv Gandhi Swavlamban Rojgar Yojana and Employment Scheme for Unemployed Youths have also been transferred to DKVIB for implementation. The brief details of these Scheme are as under:

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(B) Employment Scheme for Educated Unemployed Youths

Employment Scheme for Educated Unemployed Youths was started from the year 2004-05. Under this scheme, projects up to Rs.1 lakh in case of individuals and Rs. 5 lakh in partnership are covered, provided the share of each person in the project cost is Rs. 1 lakh or less. Entrepreneurs are required to contribute 10% of the project cost, as margin money in cash and Govt. provide composite loan to the extent of 90% of the project cost. Govt. provides subsidy at the rate of 15% of the project cost subject to a ceiling of Rs. 7500 per entrepreneur.

(C) Rajiv Gandhi Swavlamban Rojgar Yojana

Rajiv Gandhi Swavlamban Rojgar Yojana was also started from the year 2004-05. Under this scheme, loan assistance upto Rs. 2 lakh are given to unemployed young graduates both men and women through DKVIB.

SOFTWARE INDUSTRY

19. 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-coordinated 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 amounting to 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 lakh in the next 10 years in the area of IT enabling services.