

CHAPTER 9

INDUSTRIAL DEVELOPMENT

1. Enhancing an economy's productive capabilities over an increasing range of manufactured goods is an integral part of economic development. A vital factor in the development of industries and expansion of trade is the availability of means of transport and communications. Cheap and abundant power supply, transport facilities and availability of financial resources are the basic conditions required for expansion of industry and trade

2. Fifth Economic Census 2005 in Delhi

- 2.1. As per the 5th economic census held in Delhi during 2005, Delhi was **ranked 16th** in the All India ranking (based on the result of 35 states and UTs) in respect of number of establishments contributing about 1.80% of the total establishments in India. The total number of establishments found to be operating during 2005 in the geographical boundaries of the NCT of Delhi was 7.58 lacs. 99.57% of these establishments were non – agricultural and 0.43 % were agricultural in nature. Most of the establishments were located in the Urban area i.e. upto 96.52% of total establishments and 3.48% were in rural area.
- 2.2. Major economic activity undertaken in the NCT of Delhi is in “retail trade” which has 48.9% share in the total establishments followed by “manufacturing” (including repair) - 18.19% and “community, social, personal services and other activities” – 9.99%.
- 2.3. As regards employment position, Delhi was **ranked 12th** in all India ranking. In respect of employment contributing about 3.61% of the total employment in India. The total number of persons employed in establishments was 35.56 lacs and the average employment for establishments comes to 4.69 persons. Employment registered and annual growth rate of 0.23 % during 1998-2005. Share of females in the total employment was only 10.50% (3.73 lacs).

2.4. The District- wise profile of Economic Census 2005

North-West District with the share of 17.30% in the total number of establishments is the leading district followed by South District (13.83%) and West District (13.37%).

In the case of employment South District with 16.54% share in the total employment is leading followed by North-West District (14.91%) and North-East District (12.74%).

The density, i.e. Establishments per sq. km. was highest in Central District (3223) followed by North-East District (1625) and East District (1492).

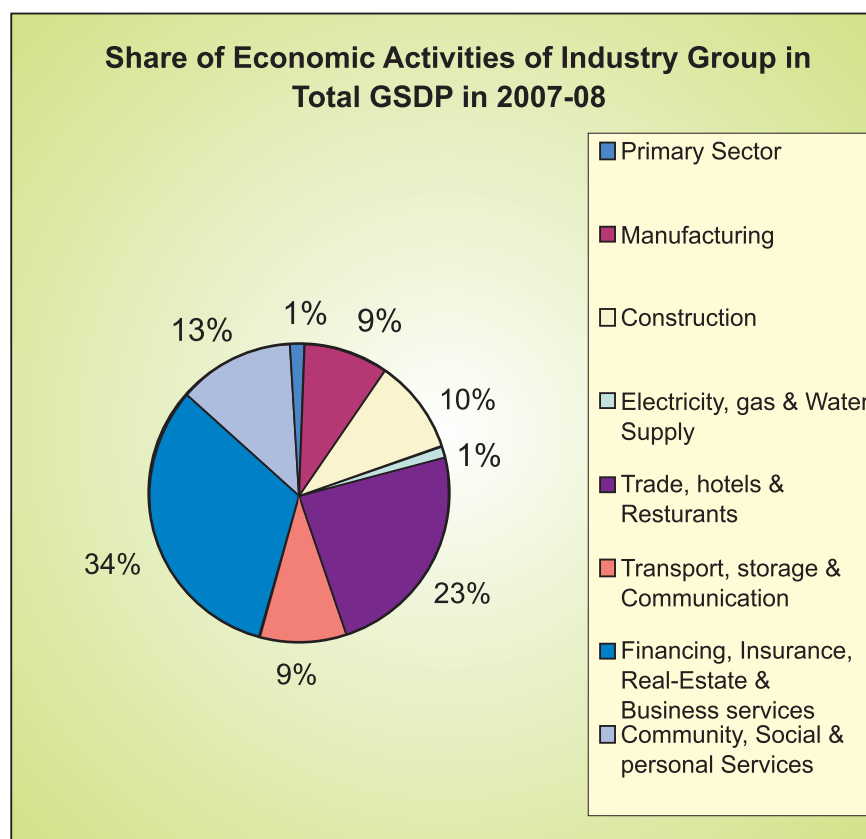
The major economic activity group “Retail Trade” is dominating more or less in all the Districts.

3. Important Characteristics of Industry Sector in Delhi

3.1. Contribution of various industries to GSDP:

In terms of the contribution to Gross State Domestic Product (GSDP), the industrial scenario of Delhi is predominated by the “Financing, Insurance, Real Estate and Business Services” sector followed with “Trade, Hotels and Restaurants”. The total value of GSDP in 2007-08 as per quick estimates is Rs. 143911 crore, to which, the contribution of Primary Sector is 0.70% (Rs. 1006 crore), 20.25 % by the Secondary Sector (Rs. 29143 crore) and 79.05% by the Tertiary Sector (Rs. 113761 crore). Share of various major industry groups in the total GSDP in 2007-08 is depicted in the diagram below:

Chart 9.1



3.2. INDEX OF INDUSTRIAL PRODUCTION OF DELHI

3.2.1. Index of Industrial Production (IIP) in simplest terms is the index which details the growth of various sectors in an economy. Index of Industrial Production (IIP) is an abstract number, the magnitude of which represents the status of production in the industrial sector for a given period of time as compared to a reference period of time. The index is computed using the weighted arithmetic mean of quantity relative with weights being allotted to various items in proportion to value added by manufacture in the base year by using Laspeyre's formula.

3.2.2 .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.

3.2.3. SELECTION OF ITEMS

The item basket is based on the ASI 1999-2000 Factory Sector results and the selection criterion envisages capturing 80% of value of output of the state's manufacturing sector.

3.2.4. WEIGHTING DIAGRAM

In the new base year (1999-2000) 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.

3.2.5. COVERAGE

The revised series covers 112 items. Production data for these items is collected from 302 industrial units in Delhi on quarterly basis.

3.2.6. 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.

- 3.3. The base year has been changed from 1993-94 to 1999-2000. Accordingly the index of industrial production report for the year 2006-07 was the first report with the new base year. The index of industrial production (1999-2000 base year) is 144.81 in 2008-09 and has recorded a decrease of -15.86% against the value of the index in 2007-08 i.e. 172.11.

Statement 9.1

INDEX OF INDUSTRIAL PRODUCTION IN MAJOR SECTORS OF INDUSTRY (Base Year: 1999-00=100)

Sector	2007-08	2008-09	%age increase / decrease
1.Manufacturing	177.54	144.80	-18.44
a)Food Products & Beverages	62.71	64.09	2.19
b)Tabacco and related products	88.06	86.77	-1.46
c) Textile products	208.79	211.77	1.43
d)Wearing Apparel;Dressing & Dyeing of fur	87.54	67.58	(-)22.80
e) Leather & Leather Products	76.61	58.40	(-)23.77
f). Paper & Paper Products	64.00	51.19	(-)20.02
g). Printing Publishing and Re - Production recording Media	338.00	403.40	19.35
h) Basic Chemical products	309.88	204.04	(-)34.16
i) Non-metallic mineral products	153.80	136.99	-10.93
j) Rubber, Plastic product	334.21	341.70	2.24
k) Basic metal	162.49	171.32	5.43
l)Febricated Metal Products except machinery and equipment	177.73	121.71	-31.52
m). Motor Vehicles Traillers and Semi -Traillers	238.26	215.13	-9.71
n) Machinery & equipment	130.31	147.21	12.97
o)Electrical Mach inery and apparatus	97.14	122.59	26.20
p)Radio, Television and communication equipment and apparatus	106.35	99.28	-6.65
q) Transport equipment	9.67	8.55	-11.53
r)Furniture	291.24	228.12	-21.67
2. Electricity	155.85	144.86	-7.05
3.General Index	172.11	144.81	-15.86

Source: Dte. Of Economics & Statistics

3.4. MONTHLY COMPARABLE INDEX OF INDUSTRIAL PRODUCTION IN DELHI.

The average annual index of industrial production for 2008-09 has been estimated as 144.81 while it was 172.11 during 2007-08 with base year 1999-2000 as 100. This shows an decrease of 15.86 % in IIP when compared with the previous year. Month- wise comparable details are as under :-

Statement 9.2

MONTH-WISE INDEX OF INDUSTRIAL PRODUCTION

(BASE Year: 1999-2000=100 thereafter)

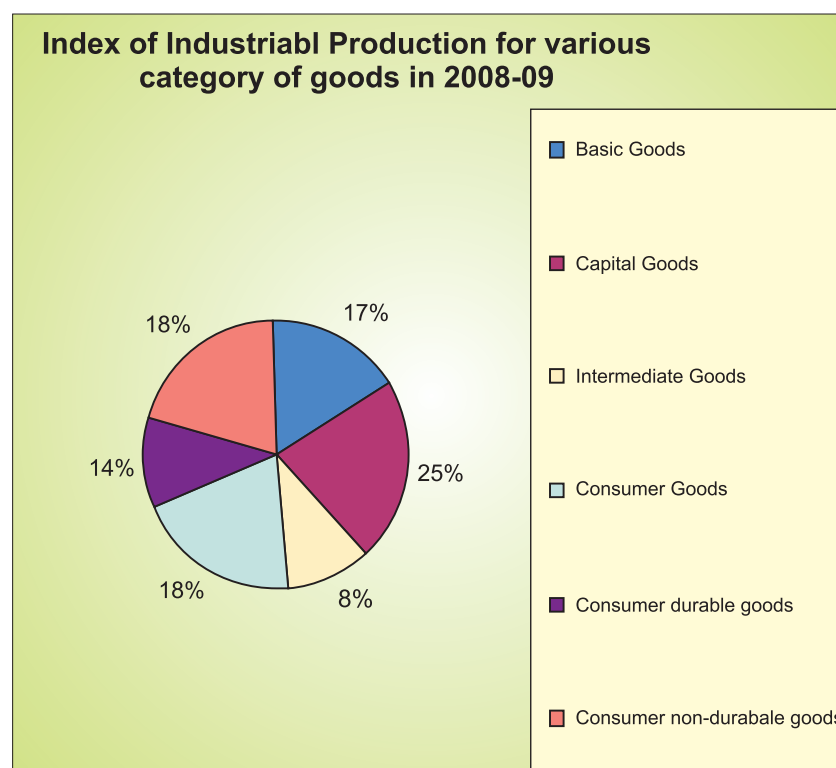
Month	2007-08	2008-09	Increase/Decrease over the previous year (In percentage)
April	192.19	166.78	-13.22
May	198.05	157.82	-20.31
June	171.15	129.10	-24.57
July	154.69	102.42	-33.79
August	171.44	158.71	-7.42
September	156.51	123.19	-21.29
October	125.96	136.98	8.75
November	169.45	164.41	-2.98
December	213.58	143.33	-32.89
January	175.99	152.78	-13.19
February	164.90	124.97	-24.21
March	171.40	177.29	3.43
Annual Average	172.11	144.81	-15.86

Source: Dte of Economics & Statistics GNCT Delhi

3.5. Use based Index of Industrial Production

The capital goods industry is predominant in industrial production of NCT of Delhi. During 2008-09, it has a share of 25% followed by consumer goods and consumer durable goods, each having 18% share. Intermediate good are having the lowest contribution i.e 8% to total industrial production.

Chart 9.2



Statement 9.3

Description	Annual Average		Percentage variation
	2007-08	2008-09	
Basic Goods	153.17	143.13	-6.55
Capital Goods	204.99	221.42	8.02
Intermediate Goods	97.88	65.88	-32.69
Consumer Goods	187.36	148.10	-20.95
Consumer Durable Goods	105.30	113.87	8.14
Consumer Non-durable goods	194.33	151.01	-22.29
General	172.08	144.81	-15.85

4.

Statement 9.4

REGISTERED FACTORIES IN DELHI UNDER THE FACTORIES ACT

Year	Private	Government	U/s85 of Factories Act, 1948	Total
1981	3298	102	2	3402
1991	4954	137	71	5162
2001	6693	144	18	6855
2002	6805	144	18	6967
2003	6933	153	19	7105
2004	7096	172	21	7289
2005	7266	189	21	7476
2006	7439	190	21	7650
2007	7068	190	21	7279
2008	6682	189	21	6892

- 4.1 Due to ban on the non-conforming industrial units and other environment safety norms, there was no significant increase in the number of registered factories in GNCT of Delhi during the last decade (1996-2006). Number of the working factories increased to 7650 during 2006 from 6076 during 1996. Out of 7650 working factories (at the end of 2006) 7484 units were registered under section 2 m(i), 145 units under section 2m(ii) and 21 units under section 85 of the Factories Act during 2006. 7439 (about 97%) working factories were under private sector and 190 were under public sector during 2006.
- 4.2 The daily average employment estimated on the basis of annual returns received from the registered factories has not indicated any significant growth during the last five years in Delhi due to closure of non-conforming units. The average daily employment increased marginally from 300310 during 2002 to 345801 during 2006. The industrial units which contributed predominantly to employment during 2006 are as follows: manufacturing of food products and beverages, manufacturing of wearing apparel, dressing and dying of fur, leather goods, publishing, printing and reproduction of recorded media, manufacturing of chemical and chemical products, manufacturing of fabricated metal products, manufacturing of machinery and equipment, manufacturing of electrical machinery and apparatus. Manufacturing of radio, television and communication and apparatus, manufacturing sale, repair and maintenance of motor vehicles and motor cycles/motor parts. During 2006 the Inspector of factories (Medical) conducted inspections in 134 factories. 1638 workers were medically examined and 12 pathology tests were conducted. No case of occupational diseases was detected.

5. Annual survey of Industries 2005-06, Organized Industrial (Factory) Sector

- 5.1. Under Section 2m (i) of the Factories Act, 1948 factories employing 10 or more workers and using power, under section 2m (ii) of the Act those employing 20 or more workers but not using power are required to be registered. A few other factories are also registered under section 85 of the Act. Annual survey of Industries was carried out in Delhi in 2005-06 (Census and Sample sector). As per the provisional results of the annual survey of Industries 2005-06, the key indicators of the Industries sector in Delhi along with the previous trends are as under :-

Statement 9.5

Key Indicators	2001-02	2002-03	2003-04	2004-05	2005-06
Number of Registered Factories	3409	3413	3193	3154	3312
Production Capital (Lakh Rs.)	522450	604682	510825	526725	630511
(a) Fixed Capital	224959	244829	209862	235690	262096
(b) Working Capital	297495	359853	300963	291035	368415
All Employees	117965	126732	128649	121130	127998
(a) Workers	78331	85552	90923	80923	87857
(b) Other than Workers	39634	41180	37726	40207	40141
Man Days (In Lakhs)	358	384	339	359	
Total Emoluments (In Lakh Rs.)	99085	116500	98350	95623	111699

Chart 9.3

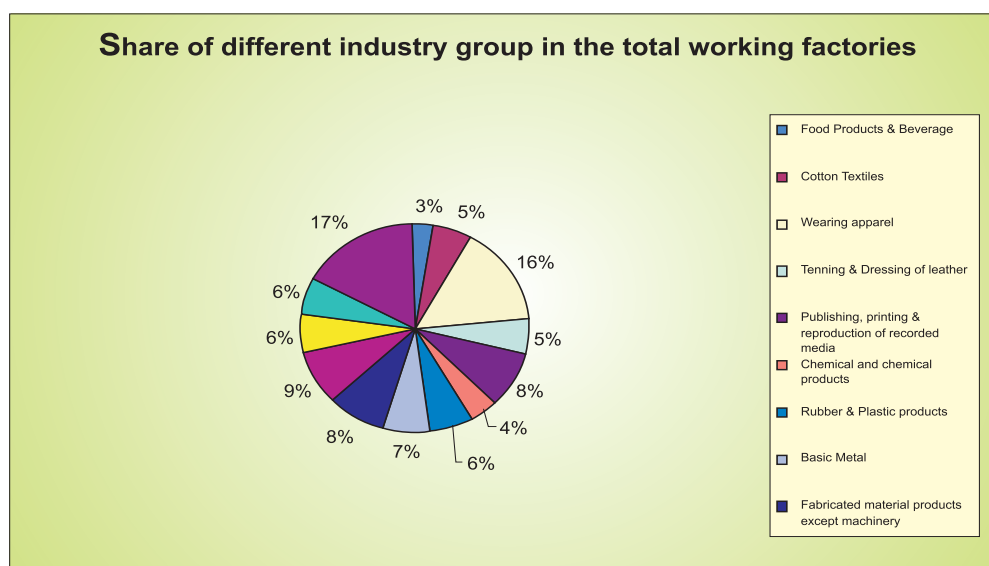
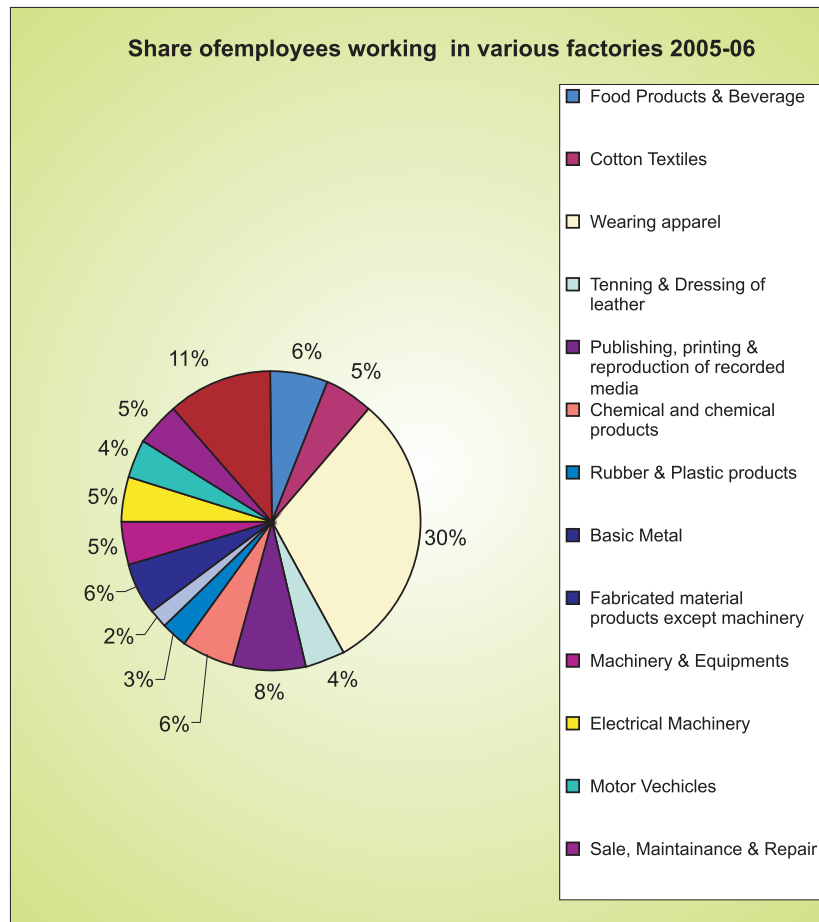


Chart 9.4



6. Delhi Institute of Tool Engineering

With the amalgamation of Tool Room and Training Center (TRTC) and High Tech. Vocational Training Center, the Delhi Institute of Tool Engineering (DITE) has come into existence w.e.f. 28.11.07. Besides the activities of TRTC and HTVTC, the DITE has also started 4 years Degree Course of B.Tech., in Tool Engineering, affiliated with Guru Gobind Singh Indraprastha University for degree level course.

7. INDUSTRIAL ESTATES

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.

8. INDUSTRIAL POLICY

The first industrial policy in Delhi was published in 1982. It advocated dispersed development with special emphasis on development of sophisticated and hi-tech industry.

Following the rapid urbanization in Delhi combined with demographic transition and environmental consequences, a new Industrial Policy is under consideration by GNCTD giving thrust on the followings:

- (i) Promotion of sophisticated industries which could achieve optimum level of production with less, space, power, water etc.
- (ii) Generate employment avenues in non polluting industries.
- (iii) Emphasis on encouraging non polluting industries.
- (iv) Emphasis on promotion of Computer Software, I.T., I.T. Enabling Service, Electronics and High-Tech Industries irrespective of investment limits.
- (v) No new industrial unit shall be permitted in residential areas except household industries.
- (vi) A single unified agency for development and maintenance of industrial areas in Delhi. The involvement of industrial association of the area in the maintenance of industrial areas shall be encouraged.
- (vii) Low-Tech industries to be encouraged to recycle into Hi-tech industries in industrial areas.
- (viii) Hazardous/obnoxious industries as well as large/heavy industries shall not be permitted in Delhi.
- (ix) Small scale industries graduating to the medium sector as a result of modernization technical up-gradation shall be permitted provided there is no substantial expansion and where growth is in the same line or allied line, and where industry is operating in an approved industrial area.

9. DELHI FINANCIAL CORPORATION

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.25.94 crore. As on 1.3.08 DFC had Rs.48.69 crore as reserves and surplus. DFC sanctioned loans worth Rs.35.22 crore during 2006-07 and Rs.19.78 crore in 2007-08 to 426 and 241 number of industries respectively.

10. **DELHI STATE INDUSTRIAL & INFRASTRUCTURE DEVELOPMENT CORPORATION LTD.**

DSIIDC was incorporated as a company and registered under Companies Act, 1956 in February, 1971 with the main objects of aiding, counseling, assisting, financing, projecting and promoting the interests of small industries in Delhi and providing them with capital, credit, resources and technical and managerial assistance for the successful execution of their work and business. At the time of registration it was known as Delhi Small Industries Development Corporation Limited. However, now it is called '**Delhi State Industrial & Infrastructure Development Corporation Limited**'. It has an authorized capital of Rs. 30 crore and paid up capital of Rs. 21.86 crore.

11. **RELOCATION SCHEME**

(a) **Present status regarding allotments made, payments received and possession given**

Allotments of flatted factories and developed industrial plots have been made to 18360 applicants by draw of lots in the 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 Industrial Area. Details are given below:-

Statement 9.6

Name of Complex	No. of allotments Made	Total No of allottees who have made 100% cost of plot/flat	Total no. of Allottees of Bawana-II who have deposited 50% cost of plots as demanded so far.	Total No. of possession approved	Total no of allottees who have taken physical possession at Site
Bawana	16266	15810	--	14657	11524
Bawana-II	4351	--	4013	--	--
Jhilmil	96	96	--	96	94
Narela	1509	1488	--	1394	1133
Badli	87	87	--	86	83
Patparganj	76	76	--	76	75
Flatted Factories	364	252	--	247	233
Total	22749	17809	4013	16558	13142

DDA was requested to identify additional land for development of new industrial areas for relocating the remaining eligible applicants.

(b) CONSTRUCTION OF CETPs

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 and 2 CETPs are under construction. The progress is constantly being monitored by Supreme Court and various committees/ authorities on regular basis are under construction. Three CETPs could not be constructed due to various problems i.e. non availability of land, designing in accuracy etc.. Nine CETPs have handed over to the respective societies for operation and management. One CEPT is being maintained by DSIDC. The total financial liability on the part of Delhi Govt. is Rs.116.15 crore which is finally to be approved by EPCA. Delhi Govt. has already paid an amount of Rs.87.77 crore to DSIDC and the balance amount to the tune of Rs.28.38 crore is pending till final decision of EPCA.

(c) INSTITUTE OF GEM & JEWELLERY

Delhi State Industrial & Infrastructure Development Corporation (DSIIDC) has set up Gem & Jewellery Institute under the name & style of National Institute of Jewellery Design & Technology. Presently, the institute is running different certificate courses of 1 to 3 months duration and diploma courses in Gemology, Jewellery manufacturing and Advance Jewellery Design (AD/CAM) from 6 months to 1 year duration. The Institute will start 4 year degree course in gem & jewellery design and technology. This course will be affiliated to I.P. University.

12. DELHI KHADI & VILLAGE INDUSTRIES BOARD

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 in the past few years are as under:

Statement 9.7

Year	Total Sale (Rs in Lakh)
2002-03	10.36
2003-04	4.12
2004-05	1.87
2005-06	1.70
2006-07	2.29

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

(B) Rajiv Gandhi Swavlamban Rojgar Yojana

Rajiv Gandhi Swavlamban Rojgar Yojana and Employment Scheme for Educated unemployed youths started from the year 2004-05. However, due to poor response, the scheme could not make much ahead way. Hence, this scheme is being merged with the Rajiv Gandhi Swawlamban Rozgar Yojna. The quantum of loan assistance is proposed to be enhanced from Rs.2.00 lakh to Rs.3.00 lakh to attract more entrepreneurs.

The Department of Industries is the nodal agency to plan, promote and develop industries in Delhi. Since Delhi is the National Capital and a Metropolis, the thrust is on encouraging modern Hi-tech, sophisticated export-oriented small scale industries in Delhi as well as those industries which do not stretch its meager resources such as land, water and electricity. The small scale sector is a free sector.

Govt. of Delhi has modified the above loan scheme from the year 2008-09 to make it more attractive and easily accessible to the public. The target set for 2009-010 is to grant financial assistance to 85 beneficiaries.