

CHAPTER 9

INDUSTRIAL DEVELOPMENT

1. About 24.63 per cent of the workers in Delhi (7.31 lakh workers) were employed in the manufacturing sector as per 1991 census while at the national level the percentage was only 10%. Various rounds of the NSSO survey also indicate that about 25% of the workers in Delhi were engaged in the manufacturing sector between 1977-78 and 1991-92. Present estimates indicate that Delhi has more than 1.37 lakh industrial units which provide employment to more than 11 lakh persons. The estimated investment and production in these units is around Rs. 2,524 crore and Rs. 6,310 crore, respectively. The manufacturing sector in Delhi contributes about 7-8% to the state income.

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.

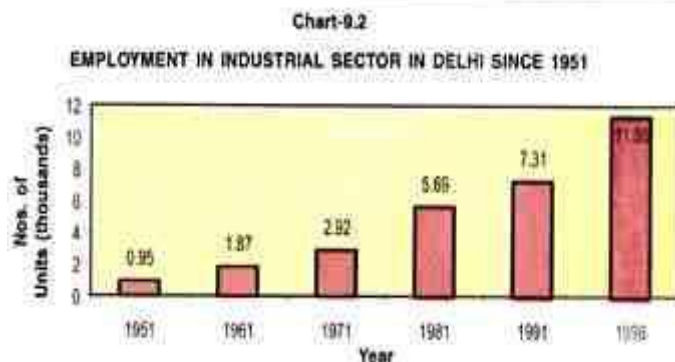
Overall Growth

4. There has been tremendous growth in the number of small-scale industries (SSI) in Delhi since 1951, and it has emerged as one of the biggest centres of small-scale industries in the country as indicated below:-

Statement 9.1

GROWTH OF INDUSTRIAL SECTOR, 1951-91

Year	Number of Industrial units	Investment(Rs. crore)	Production(Rs. crore)	Employment (numbers)*
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



5. According to the 1996 survey conducted by Delhi Pollution Control Committee (DPCC), about 1.37 lakh industrial units were operating in Delhi in 1996. Of these, about 25,000 industrial units are located in 28 industrial areas/estates and the remaining units are located in residential and non-conforming areas. There are relatively few medium and large industries compared to the total number of units.

6. The index of industrial production (1980-81 base year) for Delhi shows an increasing trend until 1995-96. It has declined from 1996-97 onwards because major industrial units were closed by an order 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. At the national level, the index of industrial production (1993-94 base year) increased from 129.10 in 1996-97 to 137.60 in 1997-98 with a growth rate of 6.58 per cent. Index of Industrial production in Delhi is given below :-

Statement 9.2

INDEX OF INDUSTRIAL PRODUCTION IN DELHI

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

Source: Directorate of Economics & Statistics, Government of NCT of 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 (Base 1980-81=100) 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.

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

Statement 9.3

REGISTERED WORKING FACTORIES IN DELHI, 1981-1998				
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

Source : Labour Department, Government of NCT of Delhi

Industrial Policy

8. 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 67 industries identified that could be run in residential houses with a maximum power load of 1 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.

Industrial Estates

9. Delhi has 28 industrial estates at present. Government has acquired 1,000 acres of land at Bawana village and Holambi Kalan and it is proposed to acquire another 800 acres land to develop new industrial estates in an effort to relocate industries currently operating in non-conforming areas. About 16000 units are proposed to be re-located. In addition, 102 acres of land are available with the Delhi Government in various developed industrial estates. 5,800 flatted factories are proposed to be constructed at these locations. 400 flatted factories have been constructed at Jhilmil Tahirpur and 321 flatted factories allotted in June 1999.

DELHI FINANCIAL CORPORATION

10. 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 service sector, medical & health care/diagnostic centres, transport sector, hotels and restaurants, etc., for the acquisition of fixed assets such as land, building, plant and machinery, etc. DFC has an authorized capital of Rs.20 crore and share capital of Rs.15.53 crore. The DFC sanctioned loans worth Rs. 60.41 crore during 1996-97 to 906 persons, Rs. 20.21 crore during 1997-98 to 271 persons and Rs. 36.49 crore during 1998-99 to 1982 persons.

DELHI STATE INDUSTRIAL DEVELOPMENT CORPORATION

11. 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. DSIDC is implementing the industry re-location project and is also constructing common effluent treatment plants.

DELHI KHADI & VILLAGE INDUSTRIES BOARD

12. The Delhi Khadi and Village Industries Board implements two schemes: (i) Consortium of Bank Credit Scheme and (ii) Block Loan Scheme. The Board sanctioned loans of Rs.2.71 crore to 58 units in 1997-98 and loans of Rs.5 crore to 113 units in 1998-99.

SOFTWARE INDUSTRY

13. 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. 45,000 crore (US\$ 10 billion) by the year 2007-08 which could be as much as 12% of the projected turnover (US\$ 85 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.

Table 9.1
PRODUCT-WISE PROFILE OF INDUSTRIAL UNITS IN DELHI
AS PER INDUSTRIAL CENSUS -1988

SN	Product-wise Industries	Number
1.	Food Product	3827
2.	Beverage, Tobacco and Tobacco Products	64
3.	Cotton Textiles	406
4.	Wool, Silk, Synthetic Products	206
5.	Jute, Hemp & Jute products	33
6.	Textile products (including wearing apparel other than footwear)	15166
7.	Wood & Wood products furniture & Fixtures	2633
8.	Paper & Paper products, Printing, Publishing and allied industries	5662
9.	Leather & Leather products	1495
10.	Rubber, Plastic, Petroleum and Coal products	4599
11.	Chemicals & allied products	2025
12.	Non-metallic mineral products	1387
13.	Basic metal & alloy industries	3114
14.	Metal products except machinery and transport equipment	5780
15.	Machinery, machine tools, machine parts and electrical machinery	7236

16.	Electrical machinery, apparatus, appliances (including electronics)	4032
17.	Transport equipment	2844
18.	Other manufacturing industries	3014
19.	Miscellaneous & servicing industries	1292
20.	Repair services	10782
21.	Others	962
	Total	76559

Source: Office of the Commissioner (Industries), Government of NCT of Delhi