

## CHAPTER 9

# INDUSTRIAL DEVELOPMENT

1. The industrial sector play a vital role in the economic development of the National Capital Territory of Delhi. 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 1996 more than 1.26 lakh industrial units were functioning in Delhi which provided employment to more than 11 lakh persons. The estimated investment and production in these units was around Rs. 2,524 crore and Rs. 6,310 crore, respectively. The Economic Census of 1998 indicates that Delhi has 1.29 lakh industrial units employing about 14.40 lakh persons. 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:-

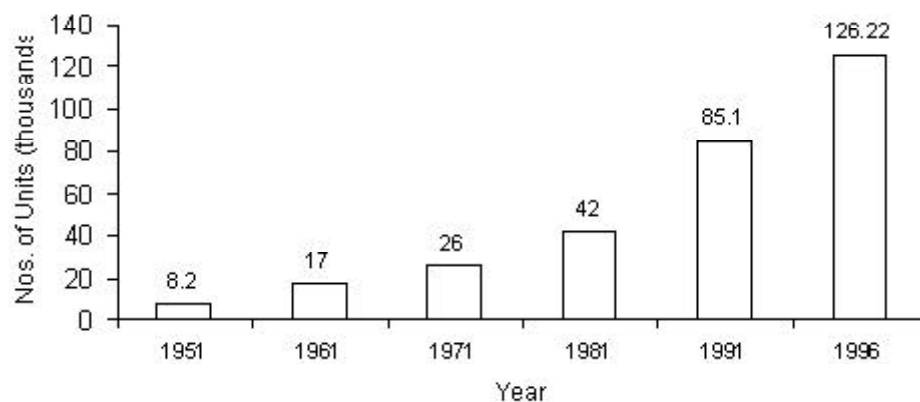
#### STATEMENT 9.1

#### GROWTH OF INDUSTRIAL SECTOR, 1951-96

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
1996	1,26,218	2,524.00	6,310.00	11,35,962

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

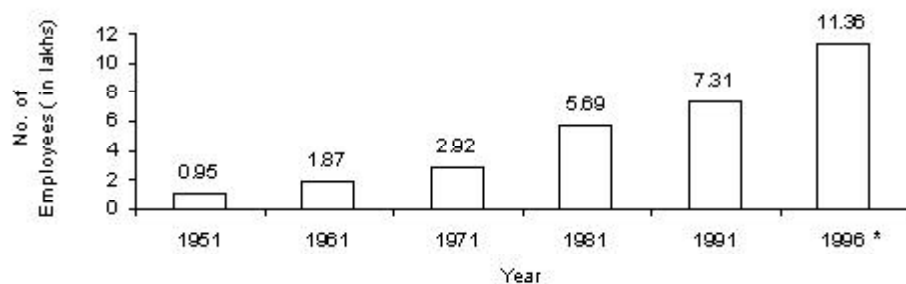
**Chart 9.1**



Source : Dte. of Industries, GNCTD,

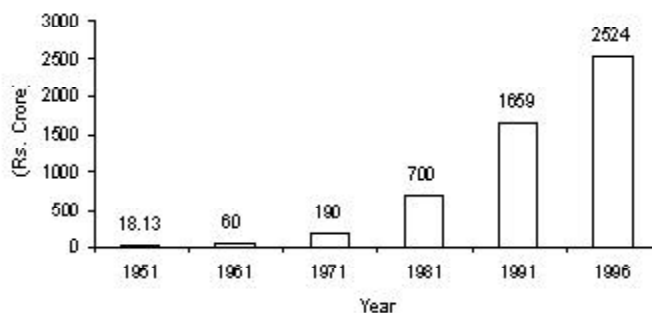
**Chart 9.2**

Employment in Industrial Sector  
in Delhi since 1951



\* Estimated by Dte. of Industries, GNCTD,  
Source : Census Data

**Chart 9.3**



Source : Estimated by Dte. of Industries, GNCTD

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. 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. A World Trade Centre is being set up to provide instant information flow and interaction amongst various players in international trade & commerce. 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.
7. The index of industrial production (1980-81 base year) shows an increasing trend until 1995-96. It has 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

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 2000-2001 has been estimated as 103.28 while it was 94.28 during 1999-2000 with base year 1993-94 as 100. This shows 9.55% increase in IIP during current year when compared with the previous year. It is clear from the table given below that except for October and November, 2000, there is an increasing trend throughout the year as compared to the corresponding months of previous year. During October and November, 2000 general IIP has shown a minor decline of 1.54% & 1.52% respectively as compared with October and November, 1999. Maximum increase of 22.64% and 19.84% may be seen during September and July, 2000 when compared with the corresponding months of 1999.

### Statement 9.3

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

MONTH	2000-2001	1999-2000	INCREASE/DECREASE OVER THE PREVIOUS YEAR (PERCENT)
APRIL	93.87	92.37	1.62
MAY	105.42	95.09	10.86
JUNE	108.75	95.04	14.43
JULY	110.74	92.41	19.84
AUGUST	102.81	94.02	9.35
SEPTEMBER	110.84	90.38	22.64
OCTOBER	93.82	95.29	(-)1.54
NOVEMBER	93.06	94.50	(-)1.52
DECEMBER	100.71	96.35	4.53
JANUARY	103.28	93.32	10.67
FEBRUARY	102.18	94.90	7.67
MARCH	113.90	97.70	16.58
ANNUAL AVERAGE	103.28	94.28	9.55

Source : DES Govt. 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.

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

**Statement 9.4**

**REGISTERED WORKING FACTORIES IN DELHI, 1981-2000**

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

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.

## **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.15.63 crore. As on 31<sup>st</sup> March 2001 DFC had Rs.26.17 crore as reserves and surplus. DFC sanctioned loans worth Rs. 273.14 crore during 2000-01.

## **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 26,349 units declared eligible for allotment of industrial plots/flats, allotment letters have been issued to 16,394 units. The work at relocation of industrial site at clusters Bawana has progressed ahead of schedule. Over 5000 plots have been ready in developed and offered for possession to the allottees. All the 15000 plots would be ready for handing over possession by 31<sup>st</sup> March, 2002. The DVB had

also laid its network to provide temporary power for construction of these allottees. In brief, out of 143 kms of road network 55 Km have since been laid, out of 155 kms of sewer line 95 km have been laid at site, out of 150 km of water line, 80 km have been laid in site and out of 280 km of s.w drain, 120 km 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. Work on 10 CETP's is in progress. Three plants at Wazirpur, Mangolpuri and Mayapuri are complete. Wazirpur CETP has started functioning, whereas other are on trial run. The remaining five plants are also to be taken up simultaneously. With the construction of these CETP's industrial effluent of 21 industrial areas would be fully treated up to tertiary level.

**DELHI KHADI & VILLAGE INDUSTRIES BOARD**

14. The Delhi Khadi and Village Industries Board provides financial assistance for setting up village industries unit and marketing outlets to the individuals, industrial co-operative societies and institutions registered under S.R. Act 1860 under Consortium of Bank Credit (CBC) Scheme. Financial assistance upto Rs. 10 lakh to an individual entrepreneur and upto Rs.25 lakh to the institutional cases based on the Project Report for the particular scheme are provided. Till 2000-01 the board has financed Rs.2.50 crore.

**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. 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.