

FUNCTIONAL PLAN

INDUSTRY

NATIONAL CAPITAL REGION

**NCR PLANNING BOARD
MIN. OF URBAN AFFAIRS & EMPLOYMENT
NEW DELHI**

FUNCTIONAL PLAN : INDUSTRY

CONTENTS

- 1. Introduction**
- 2. Need for Functional Plan for Industry**
- 3. Objectives**
- 4. The Region**
- 5. Regional Plan**
 - 5.1 Objectives
 - 5.2 Policy Zones
 - 5.3 Strategy
 - 5.4 Development Approach
 - 5.5 Industrial Location Policy
- 6. Existing Industrial Scenario**
 - 6.1 Organised Sector
 - 6.2 Un-organised Sector
 - 6.3 Industrial Infrastructure
- 7. Issues**
 - 7.1 Regional Level Issues
 - 7.2 Area Specific Issues
 - 7.2.1 NCT-Delhi
 - 7.2.2 Delhi Metropolitan Area Excluding NCT-Delhi
 - 7.2.3 Rest of NCR
- 8. Industrial Location Policy**
 - 8.1 Regional Level Policy
 - 8.2 Area Specific Policy
 - 8.2.1 NCT-Delhi
 - 8.2.2 Delhi Metropolitan Area
 - 8.2.3 Rest of NCR

9. Strategies

9.1 Regional Level Strategies

- 9.1.1 Industrial Infrastructure
- 9.1.2 Uniformity in Fiscal Structure
- 9.1.3 Development of Modern Industrial Estates/Townships
- 9.1.4 Rural Industrialisation
- 9.1.5 Training and Skill upgradation

9.2 Area Specific Strategies

9.2.1 NCT-Delhi

- A. Thrust Areas
 - i) Hi-Tech Industries
 - ii) Service Industries
 - iii) Household Industry
- B. Setting up of Regional Commercial Centre
- C. Joint Venture Projects
- D. Common Advertisement
- E. Construction of Multi-storeyed Flatted factories

9.2.2 Rest of NCR including DMA

- A. Suggested Location

9.3 Shifting of Industries

TABLES

FUNCTIONAL PLAN FOR INDUSTRY

1. INTRODUCTION

The section 16 of the National Capital Region Planning Board Act, 1985 provides for preparation of Functional Plans by the Board, with the assistance of the Planning Committee, for the proper guidance of the participating States and the Union Territory after the Regional Plan has come into operation. Section 2(d) of the National Capital Region Planning Board Act defines 'Functional Plan' as a plan prepared to elaborate one or more elements of the 'Regional Plan'. Functional Plan for 'Industry' is one of such Plans. As in the case of the Regional Plan, which is a statutory document, the Functional Plan for 'Industry' is also statutory and therefore, the policies and programme contained in the document, after due process of approval by National Capital Region Planning Board and notification thereafter, would be binding on all concerned.

2. NEED FOR FUNCTIONAL PLAN FOR INDUSTRY

In the last four decades or so, after independence, there had been a fundamental change in Delhi in terms of its physical and social characteristics and life style. It has not only emerged as a strong seat of administrative capital but also as the most important trade and financial centre alongwith proliferation in the availability of highly technical infrastructure. Thus, while working out future policies these characteristics need to be given due consideration and importance.

Delhi has experienced a significant functional shift in its economic structure in favour of manufacturing and processing activities. In 1951, only 17% of the workforce was employed in this sector which increased to about 25% in 1991. This happened mainly at the expense of the service sector, which declined from 43.7% in 1951 to 33% in 1991, (Table-1). It is feared that with the current aggressive entrepreneurship and local administration's promotional support the share of industrial employment could well increase beyond 30% by the end of the century. For a city of national importance, the industrial sector growing fastest of all the economic sectors has caused serious concern to all.

It is sad but nevertheless true that even today, several years after the constitution of NCR Planning Board and the adoption of its comprehensive regional development plan, the vast hinterland of the National Capital Region which lies mostly outside the DMA, continues to experience a very slow rate of economic development even while the core Sub- region of NCT is witnessing a phenomenal surge of physical and economic growth. This is leading to a lopsided development of the Region characterised by the 'Metropolis -Satellite' syndrome where part of the economic surplus of the periphery is extracted by the core and whatever development takes place in the periphery mostly reflects the expansion needs of the core. This runaway process of economic growth in Delhi has inevitably attracted an extraordinary number of migrants, making it extremely difficult to sustain the provision of civic services in the national capital city at the prescribed levels, whether we are looking at the supply of treated water or generation of adequate power or the development of a mass rapid transit system of commensurate size and efficiency.

To redress this increasing imbalance in the pattern of growth and also to transform the dependency of 3 Sub-regions vis- a-vis Delhi into a mutually inter-active or symbiotic relationship where the development of Delhi is virtually synonymous with the growth of

NCR as a whole, there is an urgent need of preparing a comprehensive 'Functional Plan' for industry, duly supported by legal sanctions for the Region.

3. OBJECTIVES

In the light of the above, it is necessary to :

- i) To break the strangle hold of Delhi in terms of location of industries and creation of job opportunities in industrial activities and thereby allowing only those industries which are required either for marketing and market related activities and/or for providing the consumer needs of Delhi's population.
- ii) To prevent Low-Tech and allow restricted growth of only Hi-Tech industries in Delhi, over which it has comparative advantage, and recycle Low-Tech industries into Hi-Tech in a phased manner.
- iii) To revitalise the economy of the stagnating urban centers and rural settlements in the Region by creating conducive environment and investment climate for industrial development.

4. THE REGION

The National Capital Region (NCR) which extends over an area of 30,242 sq. km. comprises:

- Union Territory of Delhi (1483 sq. km.)
- Haryana Sub-region (13,413 sq.kms.), consisting of the six districts of Faridabad, Rewari, Gurgaon, Rohtak, Sonapat and Panipat (part).
- Rajasthan Sub-region (4,493 sq. kms.) which contains six tehsils of Alwar district, namely, Alwar, Ramgarh, Behror, Mandawar, Kishangarh and Tijara;
- Uttar Pradesh Sub-region (10,833 sq. kms.) embracing three districts, namely, Meerut, Bulandshahr and Ghaziabad.

5. REGIONAL PLAN - 2001

5.1 OBJECTIVES

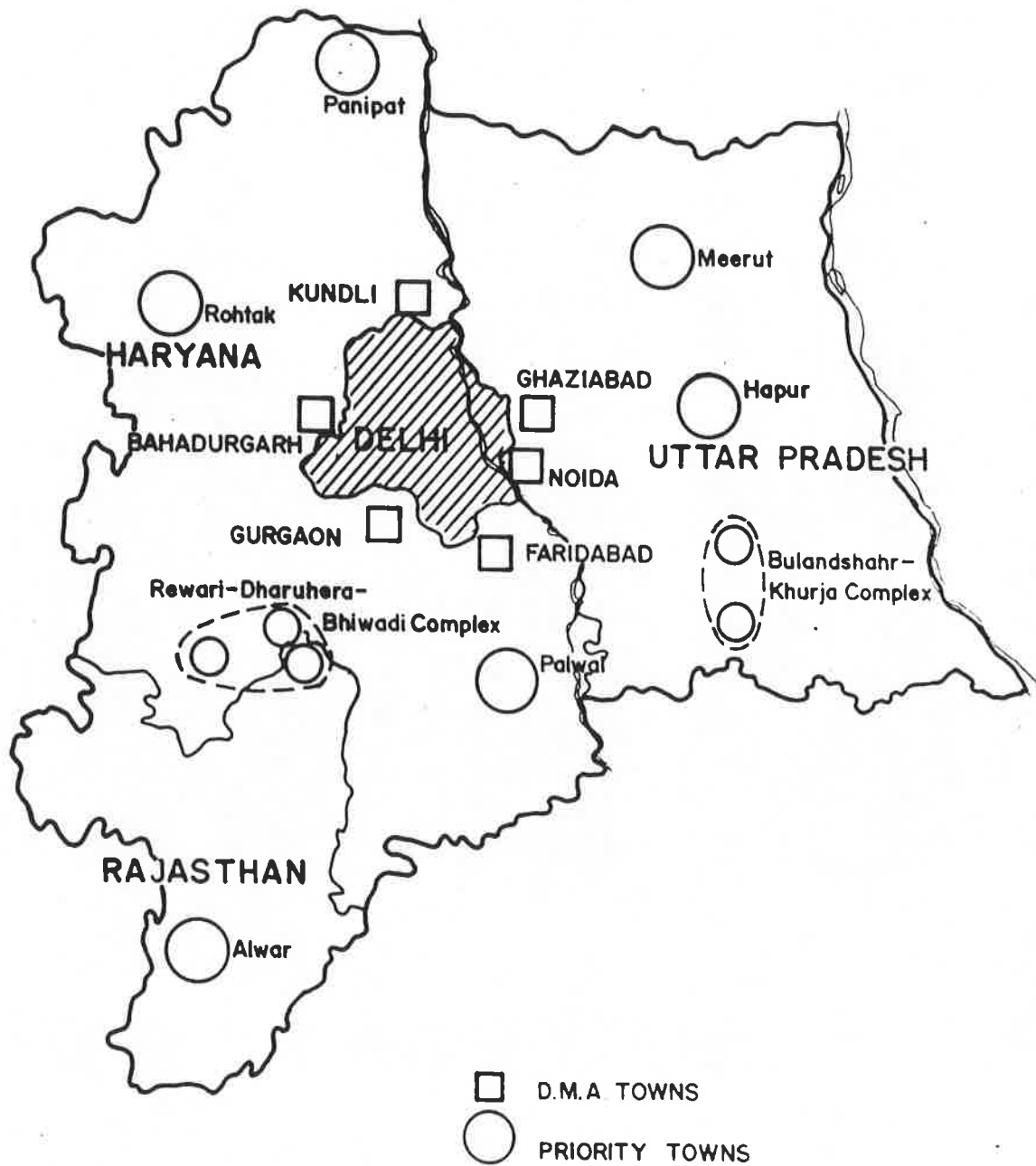
The core objectives of the Regional Plan-2001, which was approved by the NCR Planning Board in November, 1988, and brought into force in January, 1989, are:

- (a) to reduce the pressure of population on Delhi; and;
- (b) to achieve a balanced and harmonious development of NCR.

5.2 POLICY ZONES

The Regional Plan has recognised following three policy zones (figure-1) for the effective application of the policies and implementation of the proposals to achieve these objectives:

Figure— 1
DELHI METROPOLITAN AND PRIORITY TOWNS



- i) NCT - Delhi (1483 sq.km)
- ii) Delhi Metropolitan Area (excluding NCT - Delhi) comprising controlled areas of the contiguous towns of Ghaziabad including Loni and Noida in Uttar Pradesh, Faridabad-Ballabgarh Complex, Gurgaon, Bahadurgarh, Kundli and extension of Delhi ridge in Haryana. The total area of DMA excluding Delhi is about 1696 sq. km.
- iii) Rest of NCR (about 27063 sq km)

5.3 STRATEGY:

- i) Regional Plan-2001 seeks to achieve its objectives through an inter-related policy framework relating to population (re- distribution), settlement systems, regional landuse patterns, environmental factors, economic activities and infrastructural facilities.
- ii) While aiming to retain the growth of population in the region as a whole at the projected level, the population policy seeks to halve the growth rate of the city of Delhi and accelerate the population increases in a larger number of spatially - dispersed towns and urban complexes both within NCR and beyond. Thus, with the regional population level remaining at the projected 325 lakhs (of which 234 lakhs will be urban and 91 lakhs rural) in the year 2001, the main thrust of the Regional Plan is to restrict the share of Delhi to 112 lakhs as against the projected 132,6 lakhs. Correspondingly, the Regional Plan-2001 provides for accommodating the deflected population of 20 lakhs by stimulating accelerated development to a like extent (but in a more balanced way) throughout the rest of NCR.
- iii) The following 8 towns or urban complexes were specifically selected for accelerated development and designated as 'Priority Towns' in Regional Plan-2001 viz.

Haryana Sub-region

- (1) Panipat
- (2) Rohtak
- (3) Palwal
- (4) Rewari-Dharuhera-Bhiwadi Complex
(Bhiwadi is in Rajasthan Sub-region)

Rajasthan Sub-region

- (1) Alwar
- (2) Bhiwadi (see item 4 above)

Uttar Pradesh Sub-region

- (1) Meerut
- (2) Hapur
- (3) Bulandshahar - Khurja Complex

5.4 DEVELOPMENT APPROACH

- i) Developing integrated new townships alongside the identified priority/DMA towns each in accordance with a specific Master (i.e. land use) Plan and providing for a total population growth assigned in accordance with the overall population profile of NCR as envisaged for the year 2001.
- ii) The townships to be so developed should be centred around core - economic activities including the large/medium industries, major commercial complexes like ICD and whole-sale market yards and office complexes which are to be relocated out of Delhi as part of the over- all dispersal strategy, or, failing which, as new green-field projects of the State/Central Govts.
- iii) Higher-order social facilities of regional or national importance such as educational institutions, universities, hospitals, sports complexes and tourists centres may also be among the specific activities to be promoted in these townships.
- iv) Such major infrastructural works like the building of expressways, widening of national highways, laying of new railway lines and facilities for better telecommunications as also power distribution systems at the sub- regional level, all of which are essential to the balanced and harmonious development of NCR, are intended to be dovetailed with the internal development activities in these townships and funded by the concerned ministries of Central Govt. through a special NCR component Plan.
- v) As part of the process of dispersal of economic activities beyond NCT, concrete linkages are required to be established, as far as possible, between the core economic and other activities to be developed in the new townships and those activities which are identified for relocation out of Delhi, in order to ensure that the twin objectives of Regional Plan 2001 are achieved simultaneously.

5.5 INDUSTRIAL LOCATION POLICY

- a) Control within the Union Territory of Delhi:

The present policy of not promoting location of medium and large scale industries within Delhi UT should be continued.

- b) Control outside Delhi but within the DMA :

While in the long term perspective, the growth of large and medium scale industries in DMA towns may have to be restricted, these industries may be permitted in the DMA towns for a period of 10 years, whereafter the policy shall be reviewed. The emphasis will be on promoting growth of large and medium scale industries in priority towns in preference, to DMA towns.

- c) Incentives for industries outside the DMA but within the NCR:

The towns selected for priority development should have a strong industrial content, and incentives comparable to those given to industries in centrally declared backward areas should be given for location of large, medium and small scale industries. Industrial estates should be developed in these towns. Specific areas should be earmarked in the Region outside the DMA for relocation of non-conforming, polluting and obnoxious industries proposed for shifting in the Delhi Master Plan-2001.

6. EXISTING SCENERIO

6.1 Organised Sector

As per ORG study report the organised industrial sector in NCR has developed into 1.08 lakh units. Of these L & M units are less than 1000 (928 Units) while SSI constitute about 1.07 lakh units (Table-2). Among different constituent regions within NCR, Haryana & U.P. Sub-regions together account for 72.3% of L & M industries & about 71% of SSI Units.

6.1.1 Large & Medium Industries

There are in all 928 large & medium industries in NCR, Haryana & UP sub-region account for the 671 industries, constituting 72.3% of the L & M industries in NCR. Ghaziabad in UP sub-region & Faridabad in Haryana sub-region has in all 384 L & M Units constituting 41.3% of L & M units in NCR. Alwar in Rajasthan sub-region has another sizable 9.1% of L & M Units, National Capital Territory. Delhi has a total of 173 units (18.6%) (Table-2)

6.1.2 Sectoral Distribution of L & M Units

The L & M industries are distributed over 16 different industry sectors (Table-3).

- In NCT-Delhi electrical machinery & paper & printing units show highest %age distribution. Other units are more or less equally distributed.
- In Haryana sub-region, units manufacturing engineering goods consisting of metal products & parts, machine tools & electrical machinery show highest %age distribution.
- In U.P. Sub-region, Electrical machinery, metal products & parts, chemicals & food products, constitute the major sectors.
- In Rajasthan sub-region metal products & parts, textile products & transport equipments alongwith chemicals, non-metallic mineral products & basic metals constitute the major sectors.

6.1.3 Small Scale Industries

The total number of registered units covering small scale industries stands at 1.07 lac in NCR (Table-4).

Small Scale Industries in NCR is well developed in most of the Sub-regions. Haryana Sub-region accounts for the largest share of SSI Units (51.8%) followed by U.P. Sub- region (19.5%). Delhi & Rajasthan Sub-region accounts for 18.8% & 9.9% of the total SSI Units.

The rural-urban composition shows that about 74% of SSI Units are located in the urban areas. Delhi, UP Sub-region & Rajasthan sub- region has 95% to 76% units located in the urban areas.

6.2 Un-organised industries sector

The un-organised sector consist of those units which are not registered either with the Directorate of industries or under Factories Act. The following discussion summarises the nature of growth & major profile of the un-organised sector.

6.2.1 NCT-Delhi

The National Capital Territory of Delhi has some of the largest clusters of un-organised informal sector units in the NCR. There are about 75422 un-organised units with an employment of 3.77 lacs in Delhi.

The informal sector units are concentrated in major clusters within Delhi Municipal Limits & also in the urban villages of NCT-Delhi. Informal sector clusters are located at Anand Parbat, Tri Nagar, Subash Nagar, Shastri Nagar, Motia Khan, Pahar Ganj, Gandhi Nagar etc.

A wide variety of products are manufactured by informal sector units in Delhi. These are mainly textile & garment units (21%), repair service (20%), machinery, machine tools & parts & (10%), printing & paper product (6%) & metal products & parts (6%) & others (37%) (Table-5).

Characteristics

- i) On an average 5 persons per unit are employed in the informal sector in Delhi, which is substantially higher than DMA/priority towns in NCR.
- ii) Per unit fixed investment and working capital are Rs.9.3 lacs & Rs. 0.10 lac respectively in Delhi which is highest in NCR.
- iii) Most of these units are operating under conditions of over crowding & inadequate space. In general, space standards in all types of activities in major clusters, stands at an average of less than 200 sq. ft. per unit.
- iv) Major informal sector clusters have access to basic infrastructure like water supply, drainage, road, electricity etc. but none of these services are adequate.
- v) Plastic, PVC footwear, electroplating, printing & leather units are major activities in the informal clusters which results in high level of area pollution. Some of these units are categorised under

obnoxious/hazardous & pollutant units which are prohibited to be located in & around residential areas.

6.2.2 NCR Excluding Delhi

There is a sizable presence of informal activities and enterprises in various towns in the National Capital Region, which produce comparatively inexpensive wage goods and services while providing abundant opportunities for self-employment to the thousands of migrants who flock to these towns every day.

The studies carried out by NCR Planning Board through Consultants have identified the following informal sector activities in the various towns in NCR.

Alwar :	Engineering and metal work, leather work, Murti Kari, Carpet weaving and Pottery.
Meerut :	Handloom, Sports goods and Scissors and blades industry.
Khurja :	Pottery and Ceramics
Panipat :	Handloom Industry
Hapur :	Metal products
Rewari :	Brasswares
Mewat :	Potteries
Region	

Enquiries have also shown that there is scope for development of informal sector activities in the field of gem polishing, garment manufacturing and service sector.

Characteristics

Some of the limitations faced by this heterogeneous band of poor small scale entrepreneurs and their work force can be identified as follows:

- i) They have no access to shelter which automatically deprives them of social security benefits like medical services, neighbourhood schools and easy availability of drinking water and electricity.
- ii) They have no access to credit from formal credit institutions and have to pay high rates of interest to private money lenders.
- iii) Their access to markets is limited since their capacity to hold goods is determined by the availability of finance to them.
- iv) They face constant shortages of equipment, raw material and working capital which leads to low productivity.

6.4 Industrial Infrastructure

There are 100 Industrial Estates reported to be functioning in the NCR (1994), (Table-6). The salient features of the Industrial Estates in the sub-regions are as follows:-

6.4.1 NCT-Delhi

NCT-Delhi has 22 Industrial Estates. These Estates have been developed mainly by DDA (16) followed by the DSIDC (6). The average area per plot is 0.20 acres.

6.4.2 Haryana Sub-region

There are 41 Industrial Estates in the Sub-region. Panipat, Rohtak, Gurgaon, Sonapat, Rewari and Faridabad districts have recorded 3, 3, 6, 8, 2 and 19 Industrial Estates respectively. These Industrial Estates have been developed by DIC, FCA, HSIDC and HUDA. The average plot size is 0.62 acres.

6.4.3 Rajasthan Sub-region

The Alwar district in Rajasthan Sub-region has 10 Industrial Estates, of which 8 are in NCR and 2 outside NCR but within Alwar district. RIICO has developed all these Industrial Estates. The average plot area is 1.88 acres.

6.4.4 U.P. Sub-region

The U.P. Sub-region has 29 Industrial Estates out of which 25 Industrial Estates have been developed by UPSIDC and the remaining 4 (Hastinapur, Mohkampur and Dhirkherea industrial areas), in Meerut district, and one in Ghaziabad district (Modinagar industrial area) have been promoted and managed by the private sector.

Bulandshahar, Ghaziabad and Meerut districts have recorded 5, 18 and 6 Industrial Estates respectively. The average size of plot in this Sub-region worked out to be 0.94 acres.

7. ISSUES

7.1 Regional Level Issues

- i) The major issue to be resolved for promotion and growth of industries in NCR is related to regulation of their location and operation in a manner that will minimise its adverse effects on environment both in terms of loss of natural amenities as well as degradation of the natural environment.

- ii) Deficiencies in basic infrastructure like power, water, transport linkages, telecommunication etc., which are the pre-requisite for faster industrial growth, are evident in most of the towns in NCR. To make these towns self sustainable and attractive enough for future industrialisation, concomitant infrastructure needs will have to be met.
- iii) NCR being a interstate region, wide variations exist in the statutory tax rates, as well as tax concessions given to manufacturers on purchase of raw materials and machinery, levy of tariff on various services like power, water and transport etc. This causes diversion of manufacturing activities from one State to another.
- iv) Financial institutions and commercial banks since they operate within the jurisdiction assigned to them, certain facilities like transfer of loans, commercial transactions etc. are normally not possible or cause delays which act as hindrance in the relocation and dispersal of the industrial activities in the region.
- v) Land being the vital factor for the industrial development the present procedure of acquisition of land through Land Acquisition Act and the process of transferring them to the development agencies is quite cumbersome. This causes wide gap between demand and supply resulting into location of industries in the non-conforming areas and encroachments on private and public land.

7.2 Area Specific Issues

7.2.1 NCT-Delhi

- i) Delhi which in 1951 and 1961 had administrative character is now very fast becoming a city of industrial character. The first Master Plan of Delhi recognised the need to put a curb on the industrial activities of Delhi and prohibited certain type of industries, mainly large scale and obnoxious industries from being set up in Delhi. The revised MPD-2001 while recognising the need of restricting the industrial growth of Delhi has recommended the growth of only small scale industries. The increase in the industrial employment in the intervening period shows that the curbs prescribed by the Master Plans were not sufficient.
- ii) The phenomenal growth in small scale industries which took place as a result of the prohibition of the large and medium industries is characterised by their continued growth and tendency to concentrate in non-conforming use zones. This had a direct bearing on environment dimensions of the city. This is mainly because of their limited resources that the SSI's tend to waste material resulting into more pollution per unit of output than other large units. The growing sickness and decline in competitiveness of these units further tends credence to premise of their low productivity and, therefore, greater pollution potential. In this context the industrial growth needs a major structural correction.

- iii) There are more than 75,000 un-organised or informal sector units, majority of them are operating in the non-conforming areas. The present factory space in the existing structures in these areas is badly maintained and over utilised. The chemical, plastic, PVC, electroplating units are functioning in excessively in-sanitary and un-safe conditions. The inadequate availability of industrial land and in-efficient enforcement of operational and factory regulations are the major causes of the prevailing situation in the informal sector.
- iv) Recommendations of shifting of certain heavy and large, hazardous and noxious non-conforming units from Delhi have been made both in the MPD-62 and MPD-2001. Shifting of industries from Delhi requires decisions on various related issues about such shifting among the various interests which are involved in the process. It is feared that unless all these issues are tied-up it will be difficult to implement these recommendations.

7.2.2 Delhi Metropolitan Area Outside Delhi.

- i) In pursuance to the policies in the MPD-62 to disperse economic activities in the adjoining towns falling in the DMA, the concerned state governments developed large scale industrial areas in these towns. This resulted in the phenomenal concentration of industrial activities in these towns as compared to other parts of their Sub-regions. The magnitude of concentration can be judged from the fact that in the U.P. sub-region, Ghaziabad alone accounted for more than 60% of the total number of registered factories and 64% of the factory employment. Similarly, in the Haryana sub-region, about 45% of the total registered factories employing more than 66% of the total workers are located in Faridabad.
- ii) While undertaking industrial development in these towns matching level of residential, commercial, tele-communication and other facilities have not been developed resulting in sizable number of workers employed in the industries living in Delhi.
- iii) Massive built-up of industrial infrastructure in the close proximity of Delhi may pose serious threat to environment in DMA including Delhi, which had now come up as a contiguous mass.

7.2.3 Rest of NCR

- i) With stringent measures in Delhi and DMA the search for new industrial areas outside DMA may have to be intensified. The NCR hinterland has enough potential to satisfy this urge provided some serious efforts are made to remove bottlenecks, particularly, power, water and telecommunication.
- ii) Specific areas may have to be earmarked for the relocation of polluting and hazardous industries proposed to be shifted out-side Delhi.

8. POLICY FOR INDUSTRIAL DEVELOPMENT

In order to achieve the objectives, the following policies are laid out;

(A) Regional level policies

- i) For the development of industrial activities in the National Capital Region, a three tier approach should be followed. A policy of strict control for location of industrial activities within the Union Territory of Delhi, moderate control outside Delhi within the Delhi Metropolitan Area and, encouragement with incentives in the area outside the Delhi Metropolitan Area within the NCR is proposed for the balanced development of the Region.
- ii) The policy of development of industrial activities in the Region should take into account the impact of various proposals made in the Regional Plan 2001, Sub-regional Plan and the Functional Plans approved by the Board. Moreover, it should be an integrated policy for the Region as a whole and should be pursued at the Sub-regional levels so as to effectuate the broader objectives of the Plan. It should have the twin objectives of fostering rapid economic growth and achieving balanced development of the Region.
- iii) There should be definite attempt to change the basic character of the regional economy of the Region from the agricultural and pre-industrial to more diversified one, in order to raise the earning capacity of the people. By 2001, nearly 70% of the population would be living in urban areas. This would entail the creation of more jobs in non-agricultural occupations, mainly in industry which has a strong multiplier effect, than at present. For this purpose there should not only be an injection of additional activities in existing and new centres outside urban Delhi but also development of agro-based industries in rural areas in order to support urbanisation on the one hand and to stabilise the rural economy on the other.
- iv) In the Region, the land is generally good for agriculture, and hence selection of sites for the development of industrial activities should be done judiciously in strict compliance to development plans of the area and local environment laws.
- v) There is a need for streamlining not only the fiscal and other incentives given by the concerned State governments but also tax and tariff structure in the Region. It should also be possible to rationalise the taxes in Delhi and in the various towns for mutual benefits and in the overall interest of the Region. This will also enable a free flow of goods and encourage economic development.

(B) Area specific policies

(a) NCT - Delhi

- i) A city like Delhi should opt for an industrial policy which is highly technology intensive, non-polluting, sophisticated and high value addition generating. In this context, the primary consideration for location of industry in Delhi should not be the fixed investment limit but should be the availability of limited space, large scale relating in-migration, pollution and strain on already deficient civic services.

In order to maintain quality of life and to provide its citizens a better living in terms of clean environment and adequate level of civic services, it becomes imperative that all those manufacturing activities which demand consumption of services viz. power, water, etc. higher than what is permissible in the residential areas should be discouraged.

- ii) With these considerations, Delhi should follow a policy; which have following elements :

- Only those industries which are required either for marketing and market related activities and/or for providing consumer needs of Delhi's population should be allowed in Delhi.
- The requirements on civic services viz. power, water etc. should not exceed the standards and norms permissible for the residential areas.
- The industries should meet the standards laid down by the local pollution control authorities.
- Only Hi-Tech industries should be allowed in Delhi.

- iii) In the existing industrial areas Low -Tech industries should be recycled into Hi-Tech.

b) Delhi Metropolitan Area

- (i) Owing to the location of DMA towns adjacent to Delhi, no hazardous, polluting industry should be allowed in DMA.
- (ii) Hi-Tech industries should be allowed to flourish in DMA.
- (iii) The industries existing before 1986 should be made to conform to Environment Protection Act, 1986.

(c) Rest of NCR outside DMA

- i) The towns selected for priority development should have a strong industrial content, and incentives comparable to those given to industries in centrally declared backward areas should be given to all types of industries.
- ii) Modern Industrial Townships/Estates should be developed in the area outside DMA.
- iii) Specific areas should be earmarked in the Region outside the DMA for relocation of polluting, hazardous, heavy and large and non-conforming industries proposed for shifting out of NCT- Delhi.

9. Strategies

9.1. Regional Level Strategies

9.1.1 Industrial Infrastructure

In order to implement the strategies in respect of the regional infrastructure, the Board has finalised Functional Plans for Transportation, Power and Telecommunication.

The Transportation Functional Plan aims at :

- interconnection of the Priority Towns both with Delhi and each other;
- decongesting the Delhi transport network by diverting all by-passable traffic;
- providing a Regional Rapid Transport System (RRTS) for the NCR which fully integrates the Regional Towns with the Transport network of Delhi.

The functional Plan on Power aims at making the NCR Towns power cut free by:

- Providing captive generation upto 50% of the additional capacity requirements in each of the NCR towns.
- Strengthening the Power T&D Systems in order to cater to future needs of these towns.

In order to link up the entire NCR through an efficient system the Telecom Functional Plan envisages:

- The provision of local call system amongst NCR Towns and Delhi and a uniform STD code (011) for the whole of NCR including NCT Delhi.
- Making Telephones available on demand in the NCR.
- Developing a single Pin Code system for entire NCR.

9.1.2 Uniformity in Fiscal Structure

The entire National Capital Region should be treated as a single economic zone so as to minimise advantages of a specific location in terms of choice of location of industries. The scope of Common Economic Zone should not only confine to fiscal and economic policies like taxations etc. but should also include matters like tariffs on various user services like power, water, etc., taxation on goods and passenger traffic and their free movement in NCR and any other matter which by way of creating preferences for location causes diversion of manufacturing, trading or any other economic activity from one state to another. Some of the important areas where uniformity is to be achieved are as under;

- i) Enacting a Sales Tax Act to provide for uniform rate of taxation in the entire NCR and removing all inter-state tax barriers.
- ii) Making the Central Sales Tax rate uniform throughout the NCR
- iii) Institutional finances :

The commercial banks in the NCR should provide the same level of services as available in Delhi, more specifically as under:

- a) all NCR Banks should participate in Delhi clearing housing
- b) all bank branches in NCR be computerised and inter-connected by a network for smooth and expeditious completion of all financial transaction and transfer
- c) branches of banks in DMA and Priority Towns authorised to deal in foreign exchange
- d) all NCR banks to provide letter of credit facilities to customers and
- e) NCR banks to be included in the mandatory clearing centre for public issues, right issues, debentures, etc.

9.1.3 Development of Modern Industrial Estates/Townships :

Modern Industrial Estates/Townships with all the necessary infrastructure for industry should be developed in NCR outside DMA. Simple stream-lined procedure should be adopted for the expeditious allotment of land to the entrepreneurs in these Estates so that there is no delay in commissioning of the projects. Simultaneous effort to provide necessary housing and other social infrastructure should also be made for the industrial workers in the very beginning so that they are not forced to take shelter in unauthorised colonies which may later grow into slums.

9.1.4 Rural Industrialisation

The rapid growth of population of Delhi is mainly due to immigration of people in search of employment from the rural areas where the capacity to generate employment are either exhausted or under - utilised. Thus, there is a need to develop agro-based industries in the rural areas in order to support urbanisation in the NCR as a whole on the one hand and to stabilise the rural economy on the other. In the long run this will prevent exodus of people from rural areas to Delhi.

The studies have shown that the lower order settlements in the NCR (service centres and basic villages) have enough localised traditional skills like potteries, handloom weaving, leather work, murtikari, carpet weaving etc. which if properly nurtured can play the role of a vibrant component of the rural economy and provide gainful employment to the potential migrants to Delhi.

9.1.5 Training and Skill upgradation

In view of the demand for diversification and expansion of industrial activities in the NCR there is an immediate need of strengthening and upgrading the training facilities in the Region. Introduction of new courses, specially in Hi-tech areas, regulatory controls, supervision and maintenance of uniform standards and curricula, particularly in those institutions which are run privately are some of the areas which need consideration.

9.2. Area Specific Strategies

9.2.1 NCT-Delhi

A. Thrust Areas

(i) Hi-tech Industries.

(a) Comparative Advantage

Delhi has the following resources and facilities readily available for promotion of Hi-tech industries;

- i) Highly qualified manpower because of location of IIT, DCE and other technical institutions.
- ii) A large number of centres of excellence in the field of science & technology like NPL, NIC, C-DOT, CSIR, etc. are located in Delhi & can provide for quick and easy interaction between the industry and R&D centres.
- iii) Delhi is one of the important hub centre of National Telecom Network.
- iv) Location of all embassies in Delhi will give an edge to the exporters/importers of technology.

(b) Potential Growth Areas.

- i) Computer hardware and software industry and industries doing system integration using computer hardware & software.
- ii) Market related activities.
- iii) Industries integrating & manipulating the interfaces of the computers & telecom facilities.
- iv) Industries catering to the information needs of users by providing data-bases or access to data bases spread throughout the globe.
- v) Industries providing the facilities for sophisticated testing of different or all components of the information-technology.
- vi) Electronic goods.
- vii) Service & repair of TV & other electronic items.
- viii) Photo composing & Desk Top Publication.
- ix) TV & Video programme production.

x) Textile designing & Fabric Testing etc.

(c) Basic Facilities

i) Testing and calibration facilities.

ii) Linkage with R&D laboratories and Engineering Colleges

iii) Repair and maintenance support system

iv) Supply of equipment/components

v) PCB design, fabrication and assembly facilities.

vi) Machine shop and tool room etc.

(ii) Service Industry

Service sector industries which provide large scale skilled employment and are environment friendly should be promoted in Delhi. Like other megapolis, Delhi needs banks, financial institutions, lawyers, doctors, CAs, printing presses, nursing homes, beauti-clinics, laundries, shopping arcades etc. Tourism is another service sector industry that spawns hotels, guest houses, travel agencies production and supply of food items etc.

Service industries should be allowed to operate in the residential areas provided they function within the norms permissible for the consumption of power, water etc.

(iii) House hold Industry

Household industries, since they are required either for providing or servicing the day to day needs of Delhi's population should be allowed to operate in the residential areas provided they are non-pollutant and fulfill the prescribed norms.

B. Setting up of Regional Commercial Centre to provide linkages.

Delhi being the major marketing outlet, financial capital of North India and the seat of the Central Govt. every industry wants to have a front office in Delhi, from where all national and international transactions, and liaison work can be handled. As such, it is desirable to have split units of industries where the main industry can be located in the NCR towns while their front

offices can be located within Delhi. To achieve this, Specific Regional Commercial Centres could be set up in Delhi, where office space may be allotted to these industries which have their establishment in NCR at pre-determined rates.

C. Joint Venture Projects

Delhi, with its experience and expertise should participate in the industrial development in NCR. Delhi Administration should take-up projects on 'Joint Venture' basis with the counterpart agencies (UPSIDC, HSIDC and RIICO) of the participating states.

D. Construction of Multi-storeyed flatted factory complexes should be Multi-storeyed flatted constructed to save space and to have better management factories of services.

E. Common Advertisement Common advertisements indicating the sites available in Delhi along with sites available in NCR towns should be published for relocating non-conforming units ordered to be shifted by the Supreme Court so as to give entrepreneurs varied options for relocation. Similar concessions as being given for their relocation in Delhi should be given for other towns also.

9.2.2 Rest of NCR excluding Delhi

A. Suggested locations

- i) The DMA towns and the priority towns (Regional Centres) selected in the Regional Plan for induced development have been envisaged to play a significant role and would have a strong industrial content as shown in their proposed occupational structure (Table -7).
- ii) Besides the DMA and the priority towns it has been proposed in the Regional Plan that the sub-regional centres which have been identified in the Sub-regional Plans prepared by the respective state govts. will also serve as first stage industrial centres.
- iii) On the basis of these recommendations of the Regional Plan and status of industrial development in the region, following locations are suggested :

NCR Constituent sub-regions	DMA towns	Regional Centres	Sub-Regional Centres
1. Haryana	Kundli, Bahadurgarh, Gurgaon, Faridabad	Panipat, Rohtak, Rewari, Dharuhera, Palwal	Samalkha, Jhajjar, Bawal, Hodel, Gohna, Sonapat, Ganaur, Sohna/Rozka-meo, Manesar, Meham, Kharkhoda*.
2. U.P.	Ghaziabad, Noida	Meerut, Hapur, Bulandshahr, Khurja	Pilkhwa, Sikarpur, Tronica City - Loni, Greater NOIDA, Muradnagar, Massuri, Gulawati
3. Rajasthan	-	Alwar, Bhiwadi	Khairthal, Tijara, Behror, Shahjhanpur, Nimrana*, Kot kasim*

* Presently identified as Service Centres, to be upgraded as Sub-regional Centres.

iv) The strategy to develop these areas may entail following elements :

- a) These locations to be developed as model industrial areas equipped with facilities such as uninterrupted power supply, efficient telecommunication network, transportation and ware-housing facilities, common effluent treatment plants and industrial and potable water supply.
- b) Private sector participation in industrial infrastructure development. The private sector may establish and operate key infrastructural facilities like power, water supply, telecommunication, etc.
- c) Establishment of a single window system of registration, financing and industrial regulatory measures.
- d) In order to encourage the industries to establish in NCR, liberal fiscal incentives be given to the new units as provided in the industrial policy frame-work of the states.

9.3 SHIFTING OF INDUSTRIES

A. Delhi Master Plan Provisions

The Delhi Master Plan-2001 has made the following important provisions with regard to location of industries in Delhi :

- i) Hazardous and noxious industries [H (a)] :
 - a) not permitted in Delhi;
 - b) existing units to be shifted out within 3 years (upto 1993); and
 - c) land which may become available from their shifting/closure is to be used in meeting the deficiencies of the community.
- ii) Heavy and large industries [H (b)] :
 - a) no new units to be permitted in Delhi;
 - b) existing industries to be shifted to DMA and NCR; and
 - c) vacated land to be used for community needs.
- iii) Extensive industries (F)
 - a) no new extensive industries, except in existing identified extensive industrial areas.
 - b) existing non-conforming extensive industries to be shifted to extensive industrial use zones within 3 years.
- iv) Light and service industries :
 - a) non-conforming light and service industries with 20 or more workers located in non-conforming areas shall be shifted within 3 years to conforming use zones.
 - b) non-conforming light and service industries between 10 to 19 workers to be reviewed after 5 years for shifting.

B. Efforts by NCRPB

The NCR Planning Board in the 17th meeting of the Board held on 23-4-94 had decided upon a set of modalities for speedy implementation of the decentralisation of economic activities and a package of incentives and constituted a Standing Committee with the Chief Secretary, NCT-Delhi as

the Chairman and representatives of Haryana, U.P., and Rajasthan Govts. as Members to formulate programmes for shifting of designated industries from Delhi to the NCR. A Sub-Group constituted by the Standing Committee further deliberated upon the various issues in connection with the shifting of industries and finalised the proposal.

C. Supreme Court Orders

A major thrust in this direction came from the Hon'ble Supreme Court which has issued orders for the closure of certain industrial units and asked them to move out of the capital as they are not permitted under the law. In this context, the Supreme Court took note of the provisions of the Delhi Master Plan which has asked all such units to give their relocation plan within one year of the notification of the Master Plan in 1991 and shift thereafter in the next two years to the NCR. It also took note of the provisions of the NCR Planning Board Act, 1985 and the Regional Plan - 2001 drawn up by the NCR Planning Board. Some of the important orders issued by the Hon'ble Supreme Court in this regard are as under:

SL.NO.	SUPREME COURT ORDER (DATE)	CONTENTS (INDUSTRIES TO BE SHIFTED/CLOSED DOWN)	CLOSING DATE
1.	19.04.96	Non-Conforming Industries (about 39,000 units)	01.01.97
2.	08.07.96	168 Industries	30.11.96
3.	06.09.96	513 Industries	31.01.97
4.	10.10.96	43 Hotmix Plants	28.02.97
5.	26.11.96	246 Brick Kilns	30.6.97
6.	26.11.96	21 Arc/Induction Furnaces	31.03.97
7.	19.12.96	337 Industries	30.06.97

1. To implement these orders the Court issued following directives :

- i) The allotment of plots, construction of factory buildings, etc. and issuance of any licences/permissions etc. shall be expedited and granted on priority basis.
- ii) In order to facilitate shifting of industries from Delhi, all the four States constituting the NCR shall set up unified single agency consisting of all the participating states to act as a nodal agency to sort out all the problems of such industries.
- iii) The single window facility shall be set up by the four states.
- iv) The use of the land which would become available on account of shifting/relocation of the industries shall be permitted in the following manner :

Sl.No.	Extent	Percentage to be surrendered and dedicated to the DDA for development of greenbelts and other spaces	Percentage to be developed by the owner for his own benefit in accordance with the use permitted under the Master Plan
1	2	3	4
1.	Upto 2000 sq.mt. (including the first 2000 sq.mts. of the larger plot)	-	100% to be developed by the owner in accordance with the zoning regulations of the Master Plan.
2.	02. to 5 ha.	57	43
3.	5 ha. to 10 ha.	65	35
4.	Over 10 ha.	68	32

On the percentage of land as shown in Col.4 the owners at Sl.No. 2, 3 and 4 shall be entitled to one and half time of the permissible FAR under the Master Plan

- v) The shifting industries on their relocation in the new industrial estates shall be given incentives in terms of the provisions of the Master Plan and also the incentives which are normally extended to new industries in new industrial estates.
- vi) The workmen employed shall be entitled to the rights and benefits as indicated hereunder:

- The workmen shall have continuity of employment at the new town and place where the industry is shifted. The terms and conditions of their employment shall not be altered to their detriment;
 - The period between the closure of the industry in Delhi and its restart at the place of relocation shall be treated as active employment and the workmen shall be paid their full wages with continuity of service;
 - All those workmen who agree to shift with the industry shall be given one years wages as 'shifting bonus' to help them settle at the new location;
 - The workmen employed in the industries which fail to relocate and the workmen who are not willing to shift along with the relocated industries, shall be deemed to have been retrenched with effect from the date of closure provided they have been in continuous service (as defined in Section 25B of the Industrial Disputes Act, 1947) for not less than one year in the industries concerned before the said date. They shall be paid compensation in terms of Section 25-F(b) of the Industrial Disputes Act, 1947. These workmen shall also be paid, in addition, six years wages as additional compensation;
 - The gratuity amount payable to any workmen shall be paid in addition.
- D. In the case of non-conforming industries mentioned at Sl.No. 1 (about 39,000 units) the Hon'ble Supreme Court vide its orders dated 30.10.96 and 18.12.96 had permitted Delhi Administration to make use of 102 acres of land available with them in the existing industrial areas and acquire and develop additional 1300 acres of land at three locations to accomodate non-conforming industries. The Court has also directed Delhi Administration to file progress report in the Court every three months.
- E. GNCT of Delhi to consider carefully the re-location of non-conforming industries in 1300 acres of land as allowed by the Supreme Court to be developed within Delhi. It was felt that development of 1300 acres of land would actually need about 10,000 acres of land, needed for the development of housing and meeting demand on provision of concomitant infrastructure. If so many industries are relocated again in Delhi, it would add to the detriment of industrial development of the Region. In case it is finally decided to re-locate these industries in NCR, Multi-Storeyed Flatted Factory concept should be adopted so that speculation tendencies on allotment of raw land could be prevented.

TABLES

TABLE - 1: DISTRIBUTION OF WORKING FORCE IN URBAN DELHI 1951-1991

Categories	1951		1961		1971		1981		1991	
	Workers	%	Workers	%	Workers	%	Workers	%	Workers	%
1 Cultivators	3483	0.7	5178	0.7	5176	0.5	7227	0.39	8534	0.32
2 Agri. Labours	584	0.1	1242	0.2	3603	0.3	4772	0.25	7821	0.29
3 Livestock Forestry etc.	-	-	-	-	-	-	13091	0.70	14692	0.55
4 Mining & Quarrying	1521	10.3	5446	0.7	9091	0.8	4745	0.25	2953	0.11
5 Manufacturing, Processing										
a) Household Industry	6632	1.3	12684	1.7	242733	2.2	31349	1.69	37090	1.37
b) Other than house-hole	80639	15.7	155099	20.7	25107	21.7	510748	27.49	631808	23.44
6 Construction	44948	8.7	32540	4.4	61517	5.5	118699	6.39	207515	7.70
7 Trade & Commerce	117338	22.8	143809	19.3	239719	21.6	413430	22.25	672978	24.97
8 Transport & Comm.	34455	6.7	47387	6.3	107324	9.6	168457	9.07	221164	8.20
9 Other Services	224426	43.7	343430	46.0	422667	37.8	584663	31.47	891018	33.05
Total Workers	514026	100.0	746815	100.0	1116937	100.0	1857545	100.0	2695533	100.0
Population	1437134	-	2349408	-	3647023	-	5678200	-	4420644	-
Participation Ratio	27.96	-	31.65	-	30.62	-	32.20	-	28.61	-

Source : Census of India, 91

TABLE - 2: ORGANISED INDUSTRIAL SECTOR IN NCR

Sl.No.	NCR Constituent	large & Medium Industries		Small Scale Industries		Total organised sector (units)
		Unit	%	Unit	%	
1	Delhi	173	18.6	20039	18.8	20212
2	Haryana-Sub-region	348	37.5	55285	51.8	55633
3	UP Sub-region	323	34.8	20844	19.5	21167
4	Rajasthan	84	9.1	10514	9.9	10598
5	NCR	928	100.0	106682	100.0	107610

Source: Study by ORG on 'Regions Economy and Industrial Development Potentials', 1994

TABLE - 3: INDUSTRY SECTOR-WISE DISTRIBUTION OF L&M INDUSTRIES IN NCR

Sl. No.	Industry Sectors	Delhi		Haryana Sub-region		UP Sub-region		Rajasthan Sub-region	
		Units	%	Units	%	Units	%	Units	%
1	Food Products	11	6.4	28	8.0	35	10.7	3	3.6
2	Beverages & Tobacco	5	2.9	9	2.6	11	3.4	1	1.2
3	Cotton Textiles	-	-	11	3.1	5	1.5	1	1.2
4	Textile Products	5	2.9	22	6.3	13	4.0	10	11.9
5	Paper/Publ./Printing	19	10.9	12	3.4	25	7.7	2	2.4
6	Leather/Fur Products	2	1.2	4	1.1	2	0.6	1	1.2
7	Chemicals	14	8.1	23	6.6	35	10.7	7	8.3
8	Non-Metallic mineral products	4	2.3	18	5.1	12	3.7	7	8.3
9	Basic Metals	17	9.8	30	8.6	19	5.8	7	8.3
10	Metal Products & Parts	17	9.8	54	15.4	33	10.1	13	15.5
11	Machine Tools	17	9.8	51	14.6	17	5.2	5	6.0
12	Electrical Machinery	33	19.1	38	10.9	65	19.9	7	8.3
13	Transport Equip.	8	4.6	23	6.6	20	6.1	8	9.5
14	Other Manufacturing	3	1.7	9	2.6	5	1.5	2	2.4
15	Wood Based/ Furniture Products	-	-	-	-	2	0.6	-	-
16	Rubber/Plastic Petroleum Products	10	5.8	18	5.1	27	8.3	10	11.9
	Unclassified	8	4.7	-	-	-	-	-	-
	Total	173	100.0	350	100.0	326	100.0	84	100.0

Source: Study by ORG on 'Region's Economy and Industrial Development Potential's, 1994.